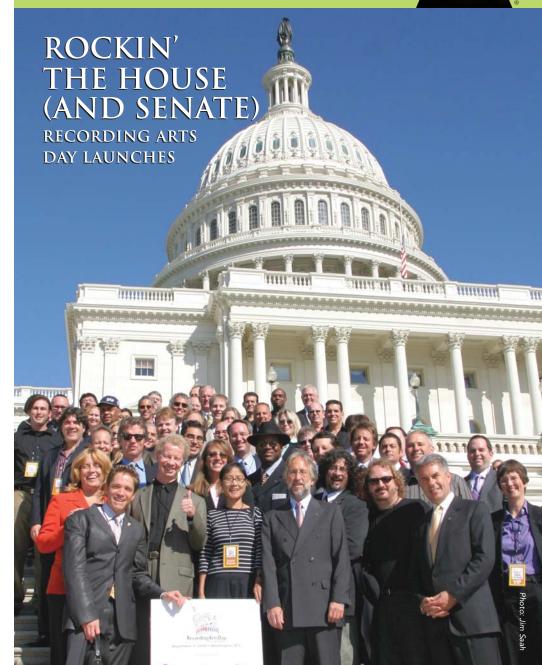


### CAPITOL TRACKS

WINTER 2005

**ADVANCING THE RIGHTS OF THE MUSIC COMMUNITY** 



### First Recording Arts Day™ A Success

Recording Academy-organized advocacy day brings music's message to D.C.

The voice of professionals from every facet of the music community was heard loud and clear at the first-ever Recording Arts Day on Capitol Hill on Sept. 7. Conceived and organized by The Recording Academy, Recording Arts Day brought 20 music associations and more than 100 music professionals to Washington to make music's case to Congress.

Among the members of the delegation were leading recording professionals Gloria Estefan, Academy Vice Chair Jimmy Jam, Trustee Dave Koz, Patti Austin, Earl Klugh, and Desmond Child. Industry leadership included Academy President Neil Portnow and Chair Terry Lickona and the heads of virtually every major music association.

Through briefings, private meetings, and a standing-room-only music event at the Capitol, the contributions of the music community were amplified in the corridors of power. The day's events concluded with GRAMMYs on the Hill, an elegant awards event honoring leading legislators, educators and artists (see story on page 5).

Joining The Recording Academy in hosting Recording Arts Day on Capitol Hill were American Association of Independent Music; American Federation of Musicians; American Federation of Television and Radio Artists; BMI; Church Music Publishers Association; Digital Media Association; Gospel Music Association; GRAMMY Foundation; Harry Fox Agency; Jazz Alliance International Inc.; Music Managers Forum — US; National Association of Recording Merchandisers; National Music Publishers' Association: Producers & Engineers Wing; R&B Foundation; Recording Artists' Coalition; Recording Industry Association of America; SESAC; Songwriters Guild of America; and SoundExchange.

A morning legislative briefing session served as an orientation and a welcome by The Academy and host organizations. Leading members of Congress came to the session to brief the music delegation about intellectual property, music education, and free speech issues. Among the Congressional visitors were Reps. Marsha Blackburn (R-Tenn.), Mary Bono (R-Calif.),



The "Congressional GRAMMY Band": Reps. John Conyers, Connie Mack and Linda Sanchez; students Samantha Turner and Chrystal Richards; Rep. Collin Peterson on guitar; Neil Portnow on bass; Reps. Joe Crowley, Chris Van Hollen and Mary Bono; Dave Koz; and Gloria Estefan perform together to support music education (Photo: Douglas A. Sonders/Wirelmage)



Rep. Lamar Smith (R-Texas), Chairman of the Subcommittee on Courts, the Internet and Intellectual Property, hears from Recording Academy leaders: (I-r) Smith, Subcommittee Counsel Joe Keeley, Recording Academy Chair Terry Lickona, VP of Advocacy & Government Relations Daryl P. Friedman, Vice Chairman Jimmy Jam, and Secretary/Treasurer Richard Perna (Photo: Douglas A. Sonders/Wirelmage)

Howard Coble (R-N.C.), Joe Crowley (D-N.Y.), Louie Gohmert (R-Texas), Bart Gordon (D-Tenn.), and Debbie Wasserman-Schultz (D-Fla.).

Upon the conclusion of the morning session, the delegation split up into 11 different teams, fanning out all over Capitol Hill for smaller meetings with individual members of Congress.

"It was perhaps the most musical day the Hill has ever seen," noted Academy President Neil Portnow. "Songwriters from Tennessee played their guitars in some offices, while sax virtuoso Dave Koz improvised with the great Patti Austin in the hallways."

The centerpiece of Recording Arts Day on Capitol Hill was the Power Of Music event, co-presented by the GRAMMY Foundation and Recording Arts and Sciences Congressional Caucus. Hosted by Caucus co-Chairs Bono and Rep. Steny Hover (D-Md.), as well as GRAMMY Foundation leaders Portnow and Kristen Madsen, the event offered a unique glimpse at music mentoring. Gloria Estefan spoke about the power of music in her own life, and then offered useful critiques for two groups of music students who performed for her. Portnow, noting that music also has the power to heal and comfort, spoke about the devastation

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Recording Arts Day host organization representatives: (I-r) David Israelite (NMPA), John Styll (GMA), Jay Rosenthal (RAC), Perry Resnick (MMF-US), Jon Potter (DiMA), Jim Donio (NARM), Don Rose (AZIM), Neil Portnow (The Recording Academy), Mitch Bainwol (RIAA), Daryl Friedman (The Recording Academy), Kim Roberts-Hedgpeth (AFTRA), John Simson (SoundExchange), Hal Ponder (AFM), Rick Carnes (SGA), Pat Collins (SESAC) and Rebecca Greenberg (RAC) (Photo: Jim Saah)

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### **Recording Arts Day**

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Dave Koz, Patti Austin, Neil Portnow and Desmond Child make music while they walk to their next meeting at the House of Representatives (Photo: Jim Saah)

Hurricane Katrina wrought on the important music center of the Delta region. He announced a special \$1 million contribution by The Recording Academy and the MusiCares Foundation to help music people affected by the disaster.

Power Of Music concluded with the most unique of musical events: a jam session by Estefan, the students, leading artists and members of Congress. With Koz on sax, Portnow on bass, Rep. Collin Peterson (D-Minn.) on guitar, and a percussion ensemble made up of Reps. John Conyers (D-Mich.), Crowley, Connie Mack (R-Fla.), Linda Sanchez (D-Calif.), and Chris Van Hollen (D-Md.), the "Congressional GRAMMY Band" performed Estefan's hit, "Reach."

For Daryl Friedman, The Academy's Vice President of Advocacy & Government

Relations, the symbolism of the jam session was clear. "This sums up what we all work to achieve year-round: music makers and policy makers working together in harmony to promote music in America."

Following the event, the delegation moved to the Senate side of the Capitol for further briefings by Sens. Patrick Leahy (D-Vt.), Robert Byrd (D-W.V.) and Norm Coleman (R-Minn.), as well as FCC Commissioner Jonathan Adelstein.

After a long day, the delegation of music professionals was more energized than ever, already anticipating attending next year's Recording Arts Day on Capitol Hill. To Friedman, that is the goal: "The Academy hopes this will become a Washington tradition. Given the success of today's events, we're well on our way."

### Music And Legislative Leaders Saluted At GRAMMYs On The Hill

Gloria Estefan, Sen. Lamar Alexander, Rep. Steny Hoyer and Danville High School honored for achievements

The 5th Annual GRAMMYs on the Hill on Sept. 7 attracted more than 300 leaders from Congress and the music industry to recognize the achievements of Sen. Lamar Alexander (R-Tenn.), Congressman Steny Hoyer (D-Md.) and singer/songwriter Gloria Estefan. As the culminating event of Recording Arts Day on Capitol Hill, GRAMMYs on the Hill was a fitting way to celebrate the accomplishments of the honorees and to cap a day of activism on the part of music makers.

Held at the historic Willard Intercontinental Hotel, GRAMMYs on the Hill included a star-studded roster of presenters, performers and special guests, including Crystal Gayle, Jon Secada, Richard Leigh, Jimmy Jam, Dave Koz, LA Chapter Governor Jeff Lorber and Desmond Child.

In presenting the award to Rep. Hoyer, producer Jimmy Jam and artist

Dave Koz noted the Congressman's consistent protection of intellectual property, his support for the landmark National Recording Preservation Act of 2000, and his dedication to the rights of creators. Hoyer accepted the award with a heartfelt speech about the important role of music and music creators.

Gayle, in presenting to Alexander, noted the senator's connection to the creative community in each office he's held: secretary of education, governor of Tennessee, and now senator. Noting that the senator is also a musician, Gayle mused that he really longs for a GRAMMY, "but the GRAMMYs on the Hill award is the next best thing."

Joining Gayle in the presentation was Trustee Paul Corbin, vice president of writer/publisher relations for BMI (Nashville), the evening's lead sponsor. Corbin

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Neil Portnow, Emilio Estefan, Sen. Lamar Alexander, Gloria Estefan, Paul Corbin, Crystal Gayle, Daryl Friedman, Jon Secada and manager Bill Edwards at GRAMMYs on the Hill (Photo: Jim Saah)

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#### **GRAMMYs On The Hill**

Continued from page 5



presented Alexander with a copy of the Tennessee state song, "Rocky Top," that was framed and signed by the song's writers, Boudleaux and Felice Bryant. A visibly moved Alexander gratefully accepted both awards.

Gayle, along with songwriter Richard Leigh, presented a special performance of "Don't It Make My Brown Eyes Blue," a favorite song of both Alexander and Hoyer. Leigh, the song's author, spoke about the songwriting process and his friendship with Hoyer. He let Gayle, the artist who made the song famous, take it from there; along with Victoria Shaw on the piano, Gayle performed her signature hit for an enthralled audience.

For the third honoree of the evening, producer Desmond Child and GRAMMY Foundation Sr. Vice President Kristen Madsen presented Arkansas' Danville High School with \$20,000 for its music program. Danville was named an Enterprise GRAMMY Signature School by the Foundation earlier this year.

To conclude the event, Jon Secada performed "Coming Out Of The Dark" as a tribute to honoree Estefan. After the



powerful performance, an emotional Estefan gratefully accepted the award. She expressed gratitude, not just for the honor, but for the privilege of being able to make music as a career and for bringing joy to people's lives.

Estefan was in good company. Each of the honorees, in their own way, uses the power of music to improve the lives of others. And at GRAMMYs on the Hill, they received the gratitude of a thankful music community.





GRAMMYs on the Hill award (Photo: Jim Saah)



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### SOUND POLICY

(Sound Policy is a regular column by Recording Academy President Neil Portnow on recording arts issues. This inaugural column is a transcript of Portnow's remarks at the GRAMMYs on the Hill event in Washington, D.C., on Sept. 7, 2005.)

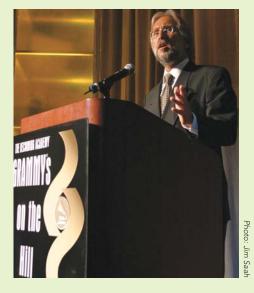
Exactly one year ago, we gathered here for GRAMMYs on the Hill in this same ballroom, but in a very different environment. While we honored Natalie Cole for her artistry and Sen. [Hillary] Clinton and Congresswoman [Mary] Bono for their protection of intellectual property, we were also anxiously waiting to see if the Senate would pass the Induce Act. In fact, many of my remarks that evening were about The Recording Academy's support of this act and its simple premise: Business models based on active inducement of copyright infringement should not be allowed to flourish.

Well, what a difference a year makes. While we would have welcomed a 100-0 victory in the Senate, a 9-0 victory in the Supreme Court will do just fine.

But tonight, my intention is not to discuss the Grokster case — pundits, lawyers and all of us have had plenty to say since the June 30 decision — but instead, I would like to address a more subtle yet equally important achievement that took place behind the scenes. For while the victory in Grokster can be traced to many dedicated and exceptional individuals and organizations, I believe the most important factor was a unified music community, working in a coordinated fashion toward a common goal.

And Grokster was not the only example of our unified approach during the past year.

In June, for the first time, the CEOs and presidents of virtually every music association gathered together for two days of discussion, debate, and a determination to address our industry's challenges.



I thank my co-hosts Rick Carnes, from the Songwriters Guild, and Mitch Bainwol, from the RIAA, as well as the more than 20 leaders who joined us for those productive days.

And we need only to look at today's activities for another example. The first-ever Recording Arts Day on Capitol Hill brought together a wide range of interests from the industry — groups representing songwriters, artists, labels, publishers, producers, engineers, and digital services all participated in this important grassroots activity, bringing a sharper focus to Congress about our industry's contributions to our culture and economy.

We know what we can achieve together, so now it is time to redouble our combined efforts toward solving perhaps the most important issue before us and before the 109th Congress: modernization of music licensing for the digital age.

I'd like to share with you some thoughts on this subject from one of our advisors. No, I'm not talking about our lawyers and accountants — great though they are. I'm speaking about a young adult from our What's The Download Interactive Advisory Board — a panel of young music consumers that we've assembled to educate us and the industry.

Twenty-year-old Joy Mitchell of Hawthorne, Calif., told us, "There are songs you just can't find on digital music services, and until these services can offer everything Kazaa or old-school Napster had, they're not going to compete. They're losing business by not having every artist and every type of song available. That's huge. It's so frustrating when you are trying to do the right thing."

While previous conventional wisdom held, "you can't compete with free," today it would be more accurate to say, "you can't compete with all," for it is the attribute of all music — more than price — that makes the illegal services most attractive. Digital music companies are providing services today that allow their entire catalogue to be available on a portable music player for as little as \$6 a month, without the concerns of spyware, viruses, lawsuits and other risks of P2P. It's a great deal, but the reality is their catalogues are far too small. Licensing reform can level the playing field for the legal services.

The Academy is grateful to Sens. [Orrin] Hatch and [Patrick] Leahy, Rep. [Howard] Berman, and of course Rep. [Lamar] Smith, who has personally convened numerous meetings designed to solve this issue. Many other legislators have also raised the profile of this debate and offered support. We

also thank the numerous organizations, nearly all represented here tonight, that have engaged in negotiations to develop a workable solution. That effort must be expedited, as the Grokster verdict did not completely solve our problem for us, but it did give us some breathing room to solve it ourselves. If we take too long arguing over how to split the pie, we may be surprised to find the pie has already been eaten by the pirates.

To make progress now, we might put ourselves in the shoes of Joy Mitchell and the millions of music consumers just like her. Joy doesn't think about multiple rights and royalties when she buys music. To her, the sound recording and the composition are a perfectly unified whole, and maybe we have something to learn from her. After all, it was an historic accord between the labels and the publishers that allowed for the subscription services to be launched in the first place four years ago. That was a great step, indicative of the kind of intercommunity cooperation that now must continue.

But more recently, separate negotiations between digital retailers and publishers and between digital retailers and labels have not produced the solution. So perhaps it is time for the guardians of both the recordings and compositions to come together again to find a way to sell the entire music package at a price that satisfies the needs of each link in the chain, from songwriter to consumer. For while the songwriter must approach his task with a blank page, the consumer does not approach the online store with a blank check. Only by continuing to develop a strategy together can we create a model

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### The Many Faces Of Recording Arts Day And GRAMMYs On The Hill





Sen. Norm Coleman takes questions from music makers



Rep. Collin Peterson and The Academy's Neil Portnow rehearse for the "Congressional GRAMMY Band" (Photo: Douglas A.





Sens. Patrick Leahy (right) and Robert Byrd meet with the recording arts delegation

























## Seattle City Council Candidates Have Q&A With Music Community

Pacific Northwest Chapter event spotlights issues of importance to music people

More than grunge or the Kingsmen's "Louie Louie," the Pacific Northwest is defined by rain, so when it stops raining, locals seem to forget everything and speed outside to soak up a little sun. Nevertheless, more than 150 people came out on a hot, sunny June evening to attend the Seattle City Council Candidates' Forum organized by the Pacific Northwest Chapter. This bipartisan forum was designed to engage and educate the Seattle music community on music business and creative issues while engaging both the incumbents and challengers in this year's city council race.

The Pacific Northwest Chapter worked closely with a wide variety of community partners to organize the event. Seattle has always been known for its tight-knit music community, and this event was no exception. Partners included the Pacific Northwest Chapter Board of Governors, music venues, promoters, record labels, retailers and radio stations.

Pacific Northwest Chapter Trustee Glenn Lorbecki, The Stranger journalist Josh Feit and Vera Project Executive Director Kate Becker were in place as moderators to ask questions and follow up with the candidates. Emcee Kerri Harrop began the evening with a few introductory questions, asking each candidate for some personal information, such as, "What CDs are you currently listening to?" and "What was the last live music experience you had?" This provided an excellent way to get to know the candidates and create a less formal atmosphere. Other subjects ranged from support for all-ages music venues to noise issues and urban density, festival permitting, and the ongoing challenges of affordable housing for artists and musicians.

All of the candidate's responses were kept to two minutes and if they went over, DJ El Toro cut them off with a loud blast of music. The candidates reveled in the format; it seemed to be just the antidote for the staid routine of politics as usual. Following the moderators' prepared questions, the audience had the opportunity to query the candidates themselves by submitting written questions that were then posed to the panel by PNW Advocacy Committee Chair David Meinert and Executive Director Ben London.

At the end of the evening everyone joined together for a hosted reception and continued dialogue. As the night wound down, the sounds of council member Dwight Peltz's karaoke version of Sir Mix-A-Lot's "Baby Got Back" could be heard wafting across the street from an adjoining bar. By spotlighting issues facing the local music industry and providing a fun and productive City Council Candidates Forum, this was definitely not just another night in Seattle politics.



# Music Community Wins: Supreme Court Rules Against File-Sharing Companies

Recording Academy had filed artist brief in landmark "Grokster" case

In a unanimous opinion, the United States Supreme Court ruled in favor of the copyright industries and against a leading file-sharing company in the watershed case pitting MGM against peer-to-peer company Grokster, marking an important victory for the creative community and the protection of copyright. The decision holds that anyone who distributes a device with the object of promoting its use to infringe is liable for the resulting acts of infringement by third parties using the device.

"Today is a good day for music fans and the 16,000 musicians, composers, artists, engineers, producers and songwriters that are the members of The Recording Academy," noted Neil Portnow, President of The Recording Academy, which filed an amicus brief on behalf of creators. "By unanimously upholding the rights of creators, the Supreme Court has defended an environment in which legal online music services can thrive. Our membership of music professionals embrace new technologies that deliver their music to fans in innovative ways. The court is forging the way for the legal digital services — those that compensate the creative professionals — to enable music fans to hear their favorite artists wherever, whenever and however they want."

Signing on to The Academy's brief was a who's who of recording artists, songwriters and artists' rights organizations including Recording Artists' Coalition, Country Music Association, Gospel Music Association, Hip-Hop Summit Action Network, Jazz Alliance International, R&B Foundation, SESAC, and more than 50 artists including Jimmy

Buffet, Kenny "Babyface" Edmonds, Avril Lavigne, Bonnie Raitt, and Brian Wllson. The brief argued that Grokster "has no commercially significant use but to infringe the creative works of others," an opinion with which the court ultimately agreed.

"The court issued a sound opinion that respects both music creators and technology innovators," noted The Academy's Vice President of Advocacy & Government Relations Daryl P. Friedman. "Rather than ruling against a technology, the court focused on intent, applying their decision only to the bad actors who develop systems designed to infringe the works of creators."

The 9th Circuit Court had previously ruled that Grokster was shielded from liability under the Supreme Court's 1984 Betamax decision. In that older case, VCR devices were found to have commercially significant noninfringing uses (such as recording a program for later viewing), thus the court ruled the devices were legal. In the Grokster case, the 9th Circuit deemed the Betamax test applied to file-sharing networks as well.

While not addressing Betamax directly, the Supreme Court vacated the lower court's decision and remanded it for trial, based on the principle that regardless of potential legal uses, a manufacturer may not intentionally induce others to violate copyright law.

Since the decision, a number of file-sharing companies have begun to work with the motion picture and recording industries to develop file-sharing services that will compensate creators and copyright holders.

### **Music Association Leaders Gather For First-Ever Summit**

Recording Academy President co-hosts discussion

Earlier this summer, the leaders of key music organizations gathered for an unprecedented meeting of the minds during a first of its kind, two-day retreat. Focusing on major issues confronting the music community as well as strategies to ensure its healthy future, the leaders used the opportunity to improve dialogue and coordination between organizations that represent each aspect of creating and distributing recorded music.

Recording Academy President Neil Portnow, who co-hosted the event with Songwriters Guild President Rick Carnes and Recording Industry Association of America Chairman and CEO Mitch Bainwol, noted, "Our industry is in the midst of perhaps the most revolutionary changes in its history. As we power business with new technologies, new partnerships and new business models, we will be well served by better and more frequent communication among our industry leaders."

Entertainment attorney John
Frankenheimer, who served as the moderator/facilitator for the retreat, stated: "It is clear that there is commonality of interests across a broad series of issues within the industry. This was an invaluable opportunity for the music industry's leadership to candidly exchange ideas and perspectives and identify common ground."

Organizations whose leaders attended were The Recording Academy; Recording Industry Association of America; the Songwriters Guild of America; American Federation of Television and Radio Artists; American Association of Independent Music; American Federation of Musicians; Church Music Publishers Association Action Fund; Gospel Music Association; Harry Fox Agency; National Association of Recording Merchandisers; National Music Publishers' Association; Recording Artists' Coalition; R&B Foundation; SESAC; and SoundExchange.

### More Information @ GRAMMY.com

GRAMMY.com is the best real-time source of information on Recording Academy advocacy initiatives and news, as well as up-to-the-minute stories affecting the industry, technology and artists. Go to www.grammy.com and click on "News," "NewsWatch," and "ArtsWatch" to learn the latest about what's impacting your world.

### **Sound Policy**

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that the music lover will accept, and that will turn pirates into customers.

The Recording Academy stands ready to help. Our membership is comprised of music professionals from every aspect of our community. While it is not for us to establish the solution, we believe we can serve as an honest broker in creating a framework for productive dialogue between those who control the interests of the sound recordings and the compositions. As industry leaders, you all have the intellect, passion and desire to find a workable resolution. Now, applying the cooperative spirit that proved so successful in solving other problems, we can surely solve this one as well.

Decades from now, when an entire new cast of music executives and music fans have taken our place, let them remember the people in this room as visionaries. Let them remember us as leaders who looked at the long view, and ensured a healthy music industry that respects consumers, the companies that deliver music, and most of all, the creators who make those enterprises possible — and who add so much to our lives.

### CAPITOL TRACKS

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