



2Q Busts

## GrayZone Digest June 1996

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### Busts and Raids

#### Los Angeles

200,000 live bootleg CDs were seized, with a total estimated value of \$6 million, in the raid and arrest of Neil Schustack, an L.A. based dealer advertising as Smokey's Disques. In addition to the CDs, authorities uncovered Schustack's UPS log book and a directory of bootleggers. Valuable information was gathered during the surveillance, connecting a Taiwan CD manufacturing plant, Ritek, to a company called Optimax Corporation, a compact disc broker.

This action, taken by the Los Angeles Sheriff's Department, with the cooperation of the RIAA and IFPI, will put an end to the Tornado, Hurricane, Blizzard, Babyface and possibly Vigatone Labels.

(Live Magazine, June 1996)

#### Taichung, Taiwan

Taiwanese police seized CDs worth \$73.5 million during a raid in the central city of Taichung. Bootleg CD-ROMs contained software published by Microsoft, IBM, Lotus and Netware. A manufacturing plant was also identified.

(Know How Report, June 1996)

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## Worldwide Update

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### Bulgaria

A delegation of high ranking European record executives met with Bulgarian officials and the press recently, to pressure the government to stem the tide of pirate CDs exported out of the country.

The delegation, including Paul Russell of Sony Music, Rupert Perry of EMI Music, Rick Dobbis of PolyGram, Manfred Lappe of Warner Music and Peter Kallweit of BMG Music, met under the auspices of IFPI and the Bulgarian Association of Record Producers.

Bianka Kortlan, IFPI's Director for Central and Eastern Europe, has said that despite having passed excellent legislation, the Bulgarian authorities are doing nothing to enforce the laws. She said that Bulgarian pirate products are channeled

through Russia and Poland and have been found across Western Europe and as far away as South Africa.

(IFPI Network Issue 2, April 1996)

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## Canada

A set of amendments to Canada's Copyright Act aims to protect creators of sound recordings and discourage private copying through a levy on all blank audio tapes and cassettes. Sheila Copps, Minister of Canadian Heritage and John Manley, the Minister of Industry, introduced the copyright reform bill into Parliament in late April.

(Know How Report, June 1996)

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## China

After a week of intense negotiations, the United States and China averted a trade war on Monday June 17. Monday's last minute agreement in Beijing to stop Chinese piracy of U.S. films, recorded music and computer software included the closing of pirate plants and investigations of other plants for illegal activity. It also calls on China to stop licensing new plants, to close underground plants and open markets for U.S. recordings, motion pictures and computer software.

President Clinton hailed the agreement between U.S. and Chinese negotiators as a "good agreement" that would protect U.S. intellectual property rights and avert retaliatory trade sanctions that were set to take effect Monday.

China called off counter retaliations against the United States, said Shi Guangsheng, Vice Minister of Foreign Trade and Economic Cooperation.

Acting U.S. Trade Representative Charlene Barshefsky was due to meet Chinese President and Communist Party chief Jiang Zemin later Monday to seal the prevention of billions of dollars in tit-for-tat sanctions between the two Pacific giants.

A major breakthrough was China's offer to close more pirate plants, along with details of its decision this year to deploy police instead of administrators to tackle copyright thieves, along with successes in a recent clampdown on pirates.

(Reuters June 10-June 17, 1996)

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## Greece

The United States wants Greece to crack down on an avalanche of illegal computer programs and pirate videos, which are prevalent on unlicensed TV stations. Greece was put on the U.S. watch list for video piracy in 1989 and upgraded to the priority watch list in 1994 but little progress on fighting piracy has been made.

(Reuters/Variety, June 13, 1996)

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**Luxembourg**

Luxembourg is among the small number of European Union states which have not implemented any of the E.U. directives in the intellectual property field. Although a law was passed in 1994, there is an absence of appropriate protection for performers and producers of sound recordings. Despite a record number of seizures, Luxembourg has become the transit center in Europe for bootlegs and other illicit recordings.

(IFPI Network Issue 2, April 1996)

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**Romania**

A new copyright law that went into effect June 24, will bring Romania closer to E.U. standards regarding intellectual property copyrights. The law will give specific protection to computer programs and software and set out conditions for filing suit, requesting an investigation and initiating criminal action. The Business Software Alliance estimates that 95% of all software in Romania is pirated, causing annual losses in excess of \$20 million.

(Know How Report, June 1996)

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