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January - March 1999

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"AudioJacker" Software Program May Circumvent Secure Music Distribution Systems

AudioJacker software allegedly allows users to capture .WAV files from any program that uses the Windows sound system. According to a user who provides Audiojacker software at one website:

"AudioJacker lets a user jack the music from programs like Liquid Audio and a2b Music. AudioJacker will even be able to jack music out of the RIAA's (Recording Industry Association of America) new Secure Digital Music Initiative (SDMI) and DMOD's (Digital Media On Demand) system as well. These programs are supposedly secure systems that allow distribution of music, without letting people pirate the music."

The user also cautions: "This program is designed to serve as a warning to companies like LiquidAudio and a2b. Digital music on the Internet will never be secure!"

Point Your Browser Tip: <http://members.xoom.com/audiojacker/>

Feature: The MP3 Dilemma

"In the past six months, MP3 has become bigger than MTV"

(James Oliver Cury, Entertainment Weekly)

MP3 stands for MPEG-1 Layer 3, an audio version of the Moving Picture Expert Group's video file compression standard. An MP3 file can store 10 times the amount of music as a traditional sound file using the same amount of storage space. Therefore, hundreds of songs can be stored on a hard drive, web server or recordable CD-ROM. Additionally, what used to take at least 90 minutes to download on a 28.8k modem now takes under five minutes or less. MP3 is the most popular current means of downloading music--legitimate or pirated--from the Internet, although MP4 is starting to make the rounds. And, as the use of MP3 increases, so does the concern of copyright watchdogs: the files can be copied without restriction, even sent as e-mail. The vast majority of MP3 songs circulate free of charge.

Recently, we've witnessed a virtual explosion of activity surrounding the MP3 topic. According to Entertainment Weekly high-tech journalist, James Oliver Cury, "In the past six months, MP3 has become bigger than MTV..." So big, in fact, that website Noisebox.com plans to present the First Annual MP3 Music Awards this spring.

Moving at the speed of sound. Over the holidays--and much to the consternation of the established recording industry--Diamond Multimedia Systems, Inc. debuted its Walkman-like

Rio PMP-300, which plays MP3 sound files, legal and otherwise. South Korea's Samsung Electronics quickly followed suit, releasing three new portable players, called Yepp, that also can record voices and tunes from FM radio stations.

Not surprisingly, virtually everyone (or perhaps everyone virtual!) imaginable has jumped into the fray: IBM, Liquid Audio, AT&T (which created a2b) offer competing digital distribution systems, but unlike MP3, are designed to prevent piracy...that is, until AudioJacker was designed by some clever 'netgeeks' (see "Headline News" in this issue).

And then... popular website Lycos.com launched an MP3 search engine boasting it had a half-million songs, which, in turn, prompted MP3.com founder Michael Robertson to declare that he believed 95 percent of the files in Lycos' database were unauthorized. The RIAA music industry police reacted at once by "communicating" with Lycos about eliminating "infringing sites from their directory." Lycos immediately - via flashy press releases splashed about the Internet at every intersection - agreed to cooperate.

In the midst of all this, an historic moment unfolded: Mechanical royalties collection group the Harry Fox Agency, a subsidiary of the National Music Publishers' Association, granted its first ever license arrangement for on-line sales of music in the MP3 format to GoodNoise Corp. GoodNoise, founded in January 1998, in turn, signed a licensing agreement with cutting edge music label, Rykodisc, to promote and sell its music in MP3. Customers are able to purchase tracks from Rykodisc artists that include Frank Zappa, Bruce Cockburn, Richard Thompson, and Morphine, with additional material available in the next few months.

And then... Custom compilation website Musicmaker.com announced it will also begin selling a library of 20,000 licensed songs and 2,500 complete albums available for download via MP3 this spring. The tunes will be embedded with an anti-piracy digital watermark developed by Aris Technologies. Meanwhile, over in the EU and calling itself "Europe's first legitimate MP3 record label," Crunch.com has already launched with over 50 legitimate tracks.

And finally, last but not least... More than 200 of the major music and technology industry honchos gathered in New York City this past December to hammer out the SDMI: Secure Digital Music Initiative. The aim of SDMI is to develop standards that will allow for widespread digital music sales while protecting copyrights. The 1999 December holiday season is the projected release date for SDMI. In addition to SDMI downloads, complementary consumer electronic devices (i.e. portable players) are also expected to be available at that time. The SDMI procedure for downloading the music--designed by IBM and called The Madison Project--will be tested this spring in hundreds of San Diego, CA homes.

"Liquid Audio To Put Its Mark On MP3 Music" - San Francisco Chronicle, January 25, 1999 (Benny Evangelista)

"Trying to Get in Tune With the Digital Age" - New York Times online, February 1, 1999, (Jon Pareles)

"Lycos Launches MP3 Search Engine With Half-Million Songs" - Sonicnet Music News, February 11, 1999 (Christopher O'Connor)

"RIAA's Response To The Lycos MP3 Search Engine" - RIAA Fast Tracks, February 2, 1999

"They Might Be Giants To Release MP3 Album" - Launch Media, February 18, 1999 (Edited by Craig Rosen)

"Grammy Zine Rejects MP3 Promo Ads" - Sonicnet Music News, February 23, 1999 (Chris Nelson)

"MP3 Pioneer Named To head Labels' Download Initiative" - Sonicnet Music News, February 27, 1999 (Chris Nelson)

"Crunch Time for Legal MP3 Tracks" - Music365, February 27, 1999

Point Your Browser Tip: http://www.music365.co.uk/autocontent/news_001298.htm

"Remote Control: Get a download of this: Record labels are finally tackling the MP3 cult with a high-tech, high-security system" - Entertainment Weekly, March 5, 1999 (James Oliver Cury)

"MP3 Technology Firm PlayMedia Files Federal Lawsuit Against Maker of Popular "WinAMP" MP3 Internet Music Player" - PRNNNewswire 3/16/1999

Point Your Browser Tip: <http://www.musicnewswire.com/pr/9902162123394148.html>

FYI Corner: Other interesting high-tech reading

"Diamond Multimedia Files Response to RIAA's Complaint and Files Nine Counterclaims" - Diamond Multimedia Press Release, December 2, 1998

Point Your Browser Tip: <http://www.diamondmm.com/company/public/PressRelease.CFM?ID=237>

"Record Industry Leaders Eye Digital Standard" - Reuters, December 14, 1998 (Sue Zeidler)

"Record Companies to Deliver Music Online" - The Associated Press News Service, December 16, 1998

"Worldwide Recording Industry Announces Precedent-Setting Initiative to Address New Digital Music Opportunities"
[RIAA Press Release, December 15, 1998](#)

"American Music Publishers Sue Swiss Internet Lyric Site; Suit Alleges Tens of Thousands of Songs Infringed"
- MusicNewswire.com/The National Music Publishers' Association, Inc., January 21, 1999

"Music freeloaders - Industry aiming to crack down on Internet Thieves" - JamMusic.com, February 1, 1999 (Mike Ross)

"IBM and The Major Labels Announce Pirate Proof Digital Technology" - The Associated Press News Service, February 11, 1999

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Busts and Raids

Twos The Season For Music Pirates

During the holidays, the RIAA worked tirelessly with the New York Police Department, confiscating more than 36,000 alleged counterfeit CDs and CD-Rs. In addition, eight individuals were arrested and more than 1,350 alleged bootlegged music videos, CDs and 2,200 counterfeit cassettes were recovered.

Also in early December, the Metro Dade Police Department, with the RIAA, raided two flea markets in Miami and Opa Locka, Florida. Five were arrested and officials recovered nearly 10,000 alleged counterfeit CDs and cassettes. Most of the product confiscated represented Rap and Latin music.

RIAA Fast Tracks, December 15, 1998

Latin Music Pirates Arrested in San Diego

Eight individuals were arrested in early February from two different swap meets in San Diego, California following a tip from FonoVisa. The RIAA coordinated with the Escondido and Oceanside Police Departments, arresting Pablo Alvizo, Emilio Arturo Beaz, Jr., Armando Porturo Mata, Luis Enrique Lopez, Alberto Lopez, Luis Antonio Perez, Enrique Munoz Ramirez and Isaias Torres. All were charged with violating California's True Name and Address Statute and a total of 800 alleged pirate CDs and CD-Rs were confiscated.

RIAA Fast Tracks, February 2, 1999

Designer Label Pirate Bought a Life of Luxury

Steven Ward, 39, is facing an as yet undetermined prison sentence. In November 1996, police and trading standards officials seized thousands of counterfeit Ralph Lauren, Calvin Klein, Dolce and Gabbana, Nike and Moschino T-shirts, jeans and other fake products. But it took a raid on another store and a second arrest before the illicit operation was finally halted. Ward reigned over six stores--one in Oxford Street called Chain Store Discounts--and was not only involved with an illicit cash operation, but was also not on the books of either the Inland Revenue or Customs and Excise. Ward has admitted 15 offenses under the Trademark Act but insisted that his goods, which had been supplied to him from Hong Kong were all "legal and above board."

Daily Mail (U.K.), February 6, 1999 (Stephen Wright, Crime Correspondent)

Counterfeit Cassette Manufacturer Sentenced in Texas

Ibrahim Reginald Muhammad, convicted of trafficking in counterfeit labels in the Federal District Court in Dallas Texas, was ordered to pay \$5,000 in restitution to the RIAA in addition to a sentence of six months home confinement, five years probation and a fine of \$1,000.

RIAA Fast Tracks, March 2, 1999

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Artist's
Corner

Sinatra Family Beats the Boots with Artanis

Under the direction of Tina Sinatra, Frank Sinatra's three children have purchased part of the Los Angeles-based independent reissue label Dunhill Compact Classics and have started their own label imprint. Aptly called Artanis Entertainment Group ("Sinatra" backwards), the label has started releasing rare Frank Sinatra recordings from the vaults, many of them previously available only as bootlegs. On February 23 Artanis released "The Summit - In Concert," a recording of Sinatra, Dean Martin and Sammy Davis Jr. performing and predictably hamming it up with their Rat Pack antics at the Villa Venice, a Chicago-area club, in late 1962. This month, they will release a Sinatra solo effort "57 in Concert," recorded in Seattle that year.

ICE, February, 1999

Rapper NAS Hits Back At Net Pirates

In what is believed to be the first time that an artist has personally commented on MP3 piracy, rapper NAS has urged his fans to boycott those who have pirated his work on the Internet. His upcoming album, 'I Am...The Autobiography', due for release on March 30, has been the target of pirates. In a brief statement available in RealAudio at his record company's website, <http://www.iamnas.com/>, NAS says:

"I want all y'all to know that I love the Internet. I know a lot o' y'all wanna hear [the album]. But they're leaking out the wrong records, the songs that I didn't want to put out... Make sure y'all pick up the real album, and tell them wack kids to lay off with that."

Music365, February 17, 1999

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China

Y2K in China: A Pirate's Headache

The head of China's Y2K troubleshooting committee has urged the Chinese airline industry to review their computer systems and all software related to incoming, outgoing, and in-progress flights on D-Day: January 1, 2000. China faces a daunting task in its repair efforts: Up to 90 percent of computer programs in use in the country are pirated. As a result, China's Y2K technicians cannot count on much assistance from software manufacturers.

The Internet Newsletter: Legal & Business Aspects, A Division of Leader Publications, February 1999 (call 800-888-8300 for subscription information)

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Hong Kong

Hong Kong Anti-Piracy March

"The situation is grave, help us to survive. Stand up against piracy..."

...reads the press release, issued by leaders in the Hong Kong film, theater, music, computer software, broadcast sectors, retailers and related industries. March 17 was designated "Anti-Piracy day" in Hong Kong. Organizers of the event--which included a march to Hong Kong's Central Government Office--urged supporters to cooperate with a media blackout. Many cinemas closed, local radio station Metro Radio went off the air for 10 hours while music and video retailers handed out anti-piracy pamphlets to the public.

Click [here](#) to read the full text of the above press release.

IFPI Press Release, March 17, 1999

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