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Quarterly Digest

April - June 1998

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CD-Recordable Piracy on the Rise

According to the Recording Industry Association of America (RIAA), 1997 marked the first year in which there was a significant number of piracies on CD-recordables, which are copies made on blank discs bought for less than a dollar in stores, then produced largely in counterfeiters' homes, garages or offices with equipment which can be purchased for as little as \$400. These counterfeit compact discs are easy to spot as major record companies generally do not release product in this format. CD-Rs are typically gold on one side with a greenish tint on the other side. The RIAA said about 442 unauthorized CD-Rs were confiscated last year.

(Reuters/Variety, March 5, 1998 - Sue Zeidler); Reuters/Variety, March 6, 1998 - Christopher Stern)

BPI: Bootlegs worth \$28.8 Million in U.K.

The British Phonographic Industry (BPI) estimates in its 1997 year-end report that the market for illegal recordings in the United Kingdom was worth \$28.8 million in 1997, about 5% less than in 1996. It cautions that piracy remains international in scope. The BPI was able to trace 41% of last year's bootleg seizures to Italy, while only 4% of bootlegs were found to have been made in the U.K.. BPI claims that 20% more counterfeit CDs were in circulation in the U.K. in 1997, totaling some 360,000 units. The Beatles are the most bootlegged act, with 280 titles seized in the U.K. by the BPI in 1997. Led Zeppelin, with 251 titles, replaces Bob Dylan in the number two spot.

IFPI Announces Zero Tolerance

The International Federation of the Phonographic Industry, in its new and informative newsletter entitled "Network," has announced a "Zero Tolerance" for piracy. The association announced that lead investigator, Iain Grant, will be setting up "an experienced, international investigation and enforcement capability, in addition to the existing national anti-piracy units, to crack down on [piracy]." In the report, IFPI advises that a number of civil suits and criminal investigations have been launched against CD plants in America, Europe, the middle east and Asia. Total damages claimed, according to the report, run into tens of millions of dollars and some manufacturing plants face certain bankruptcy.

(Network/IFPI, Issue One, February, 1998)

Boot Zine Feels the Pinch

Busts and Raids

In the April/May, 1998 issue of Live! Music Review publisher Bill Glahn announces that the magazine, known for reviewing bootleg CDs, will only be published once every two months. The reason according to Glahn, "There is less material to review and it is harder to find. Live! Music Review has never operated for profit and with most of the companies that supplied us with review samples being out of business, we must now spend an increasingly large portion of our budget on CDs who's [sic] prices are being inflated by their scarcity."

(Live! Music Review, April/May, 1998 - Volume 6, Number 4)

[Editor's note: To all of our colleagues who work in anti-bootleg operations, we should all give ourselves a pat on the back. Clearly, our efforts are paying off!]

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U.K. Raids Reveal Extensive Network of Software Fraud

A major multi-agency operation led by Surrey Trading Standards, involving five police forces across the South East and Midlands in the U.K., and other trading standards services, recently uncovered a network of traders in counterfeit software and numerous fraud related crimes. The raids netted software that included hundreds of floppy discs and CD-ROMs, CD copiers and music CDs. Three people were arrested. Surrey Trading Standards initiated the investigation in late 1997. Test purchases were made by Surrey Trading Standards officers, including through the Internet, which alerted them to the enormity of the scheme and its spread across the country. One personal computer seized in the investigation contained a database of over 700 customers. 1.5 million British Sterling in software, and 20,000 British Sterling in computer hardware were seized in the early morning raids.

(Surrey County Council Press Release, March 13, 1998 (For Additional information contact Mr. Neil Gardiner, Surrey Trading Standards Department - Tel: 011 441 306 513163/513053)

RIAA CD-R Raid a Success

New York

The New York Police Department arrested 43 people charged with pirating videotapes and CDs worth more than \$300,000. The police believe they have shut down the largest CD reproduction lab ever seized by law enforcement officials in the U.S. The lab was capable of turning out 75 CDs an hour and had an annual production capacity valued at \$19 million. At a Brooklyn press conference, New York City Police Commissioner, Howard Safir, outlined "Operation Copycat," as an undercover investigation that began last fall and is still in effect. The raid netted more than 15,000 videotapes, including bootleg copies of "Titanic," "Good Will Hunting," "Spice World" and "Jerry Springer: Too Hot For TV." Investigators also seized more than 20,000 CDs including pirated copies of the "Titanic" soundtrack and recordings by such artists as Usher, Backstreet Boys, Janet Jackson and L L Cool J. Assisting the New York Police in the investigation were the Motion Picture Association of America (MPAA), the RIAA, the Brooklyn District Attorney's Office, the U.S. Immigration and Naturalization Service and the Internal Revenue Service.

(The New York Times, May 6, 1998 - Kit R. Roane); New York Post, May 6, 1998 - Larry Celona & Linda Massarella); Daily News, May 6, 1998 - Henri E. Cauvin); Reuters/Variety, May 6, 1998 - Emelia Hart)

Special Squad Tackles Movie Counterfeiters

New York

An informative and in-depth article appeared in The New York Times which delves into the world of special piracy investigators. According to the piece, movie piracy is now so rampant

in New York that the Motion Picture Association of America recently hired an entire squad of city detectives, set them up in the Bronx, gave them a hefty bankroll for paying informers, and dispatched them to catch the crafty culprits. The article also outlines how the master tapes of big box office movies such as "Titanic" can potentially leak from innocent sources (Academy screening copies, for instance) to illegal video labs, and then ultimately to various street corners in the New York City area.

(The New York Times, "The Metro Section," March 10, 1998 - David M. Halbfinger))

RIAA & IFPI Seize CD Videos

A joint effort coordinated by the RIAA and IFPI has resulted in the seizure of approximately 40,000 alleged counterfeit CD videos en route to China. CD videos can contain music videos as well as movies.

(RIAA Fast Tracks, May 5, 1998)

Dawn Raid Breaks Up Counterfeit Software Manufacturing

Baldwin Park, California

Police in Baldwin Park, California confiscated more than 17,000 counterfeit copies of Microsoft Office 97® and the Microsoft Windows 95® operating system during raids in early March. The first raid was at Compac Media Inc., a manufacturing facility suspected of producing counterfeit copies of Microsoft software. More than 3,000 counterfeit copies of Microsoft software CD-ROMs were seized. Six people were arrested and charged with possession of counterfeit materials and possession of equipment used in counterfeiting.

(Microsoft Corporation Press Release, March 16, 1998)

Software Anti-Piracy Tip: Anyone with questions about the legitimacy of Microsoft products should contact the Microsoft Anti-Piracy hotline toll free at: 800-RU-LEGIT (785-3448), or send e-mail to piracy@microsoft.com.

Bootlegger Fined \$20,000

Severino Lombardoni, the Italian bootlegger who was arrested at the MIDEM Latin American and Caribbean Music Conference last September, was fined \$20,000 for violating the Florida State Bootleg Statute. Lombardoni was offering for sale unauthorized bootleg recordings of such popular artists as Gloria Estephan, Bob Marley, UB40, Nirvana and others for costs totaling over \$17,000. This is the first time a music pirate has been arrested and convicted for offering to sell unauthorized sound recordings without any physical product -- only a listing of titles for sale -- on the premises.

(RIAA Fast Tracks, April 21, 1998)

Latin Music Pirate Gets Three Year Sentence

Los Angeles

Arturo Rojas Flores was recently sentenced to three years in prison for violating California's True Name and Address Statute. Last year, an RIAA investigation uncovered Flores' counterfeit distribution operation in Bell Gardens, CA. At the time, the Los Angeles County Sheriff's Department, along with the RIAA, confiscated 32,000 counterfeit cassettes and 9,000 counterfeit insert cards. The cassettes were of 95% Latin repertoire.

(RIAA Fast Tracks, May 19, 1998)

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**Artist's
Corner**

Rapper Jay-Z Battles Video Bootleggers

Rapper Jay-Z and his label, Roc-A-Fella Records, are trying to stop bootleggers. Says a spokesperson at the artist's publicity firm, No Screaming Media, copies of his long-form video "Streets is Watchin'" are being sold by street vendors in Brooklyn, Queens and the Bronx without his consent. "It's really up to the fans," says Jay-Z in a statement. "We work hard to put out quality products for people who love the music and the videos. If every Jay-Z fan decides not to buy bootleg videos or tapes -- not just mine, but every artist's -- these bootleggers will have fewer people to sell these inferior products to."

Point Your Browser Tip: <http://www.allstarmag.com/> May 14, 1998 - Tina Johnson; [search archive by artist: Jay-Z]

Beatles Beat the Boots in Court

London

The High Court in London ruled in favor of George Harrison, Sir Paul McCartney, Ringo Starr, and Yoko Ono in a case brought by them against U.K. label, Lingasong, over an unauthorized live double album. The judge ordered all copies of the album to be delivered to the Beatles' lawyers and the defendant, Edward Taylor, to pay costs. "This case shows that the Beatles are determined to lead the way in enforcing and protecting artists' rights," according to the band's lawyer, Nicholas Valner.

Point Your Browser Tip: <http://www.wallofsound.com/> - May 8, 1998. [search archive by artist: Beatles].

(<http://www.mtv.com/> - May 8, 1998)

Metallica Orders Bootleggers to Cease & Desist

Heavy Metal band Metallica is taking legal action to stop the release of the bootleg album, "Bay Area Thrashers." According to the band's attorney, Howard King, they sent a cease and desist order to whom they believe to be the U.S. and U.K. distributors of the bogus live album. If the distributors don't comply, the band plans to file lawsuits in the U.S. and the U.K. King advised that the tape is from a 1982 demo featuring an earlier incarnation of Metallica that included current members Lars Ulrich and James Hetfield and former members Dave Mustaine (now of Megadeath), and Ron McGovney. The tape is not actually a live recording; it's a demo with background noises to make it appear live.

"At first he (Ulrich) was amused, but then he became angry. Someone was using Metallica's name to sell a butchered product. It was such a bad job of trying to disguise the origins of the music," said King.

Point Your Browser Tip: <http://www.allstarmag.com/> - March 17, 1998. [search archive by artist: Metallica].

(<http://www.jamtv.com/>, March 19, 1998)

Pearl Jam Departs Merchandise Counterfeiters

Sydney

Australian authorities closed in on nine unauthorized vendors at a March 12 Pearl Jam concert in Sydney. In the joint operation, headed by Sydney police and the Department of Immigration, along with eight private investigators retained by Pearl Jam, more than 700 counterfeit Pearl Jam garments were seized outside the Sydney Entertainment Centre. Six of

the counterfeiters were deported to England and two to Germany in the days following their arrest. The ninth lodged an appeal with the Immigration Review Tribunal.

(<http://www.ticketmaster.com/>, March 23, 1998)

Unauthorized Alanis Morissette Websites Shut Down

The RIAA have pulled the plug on several websites that featured the new Alanis Morissette single, "Uninvited." The song, from the soundtrack "The City of Angels" was released at the end of March.

(<http://www.mtv.com/> , March 20, 1998)

Atlantic Records Puts A Halt to Tori Amos Unofficial Websites

Atlantic Records filed cease and desist orders against Webmasters who illegally posted sound clips of a new Tori Amos single on the net. The song, "Spark" is from Amos' new album, "from the choirgirl hotel."

<http://www.mtv.com/> - March 18, 1998)

The Artist Formerly Known As Prince Tackles Numerous Unauthorized Websites

The attorney for the Artist Formerly Known As Prince, L. Londell McMillan, recently sent strongly worded e-mail warnings to numerous administrators of unauthorized The Artist websites.

McMillan informed the Webmasters that they "...have been proliferating material through the Internet and otherwise that contains copyrighted material owned by The Artist including, but not limited to, The Artist's name, likeness, or recordings...without any authorization from Paisley Park to do so."

The Artist's attorney described the action as "Phase One" of his three-tiered strategy to block the unauthorized dissemination of The Artist's copyrighted work and to battle the widespread proliferation of The Artist bootlegs.

Most Webmasters have complied by removing photos and references to The Artist, his record label New Power Generation Records and Paisley Park, The Artist's recording complex and business offices, located in Chanhassen, Minnesota.

Point Your Browser Tip: <http://www.wallofsound.com/> - March 23 and 30, 1998. [search archive by artist: The Artist]

(Music News of the World on Addicted to Noise, March 23, 1998 - Chris Nelson)

Worldwide Update

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Greece

The World Trade Organization (WTO) has been enlisted to settle a dispute concerning the high rate of piracy at dozens of Greek television stations. The action was announced as part

of the U.S. Trade Representative Office's annual review of how trading partners protect copyrights and other intellectual property.

(Reuters/Variety, May 1, 1998)

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Two Websites Sued for Copyright Infringement

The RIAA obtained temporary restraining orders against two music archive sites that were illegally distributing full-length songs for download. The two sites -- Arizona Business Network, a Phoenix-based Internet Service provider, and #MP3_For_Free, a Seattle-based site -- have been shut down and the defendants have agreed to enter into a preliminary injunction.

(RIAA Fast Tracks, May 19, 1998)

AOL Has Reached Music Licensing Agreement with Harry Fox Agency

America On Line, Inc. has reached an agreement with the Harry Fox Agency, Inc. that will provide AOL forum managers a way to license music owned or controlled by Harry Fox Agency's music publisher principals. As part of the agreement, Harry Fox Agency will allow certain uses, including uploading and downloading songs to and from AOL forum libraries of musical compositions created by AOL members using Musical Instrument Digital Interface (MIDI) format.

(<http://www.mtv.com/> - March 18, 1998)

IFPI Urges EU Protection Over Digital Piracy

The music industry urged the European Union recently to adopt measures that would better protect the \$40 billion sector worldwide against digital piracy. The recording industry is asking the EU to amend draft copyright legislation to cope with the immense and global changes brought about by the Internet and other advances in digital technology.

(Reuters/Variety, April 27, 1998 - Amelia Torres)

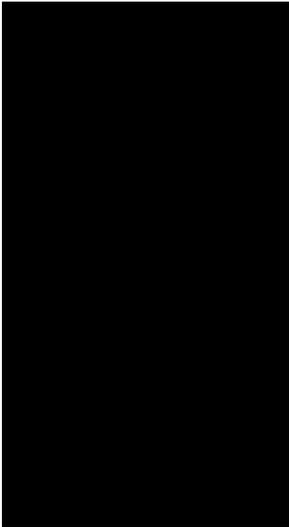
Soundbyting Campaign Launched by RIAA

Working with ten U.S. universities, the RIAA has launched an educational campaign to curb Internet music piracy. Dubbed "The Soundbyting Campaign," the RIAA hopes to give students a general understanding of copyright law and how it applies to sound files that can be downloaded on archive music sites. The campaign targets MP3 sites, which are named after the computer technology used to compress recordings into sound files that can be easily downloaded. The files can be played through computer speakers at a sound quality close to a CD and recorded by any site visitor with almost no quality loss from regeneration.

Definitely point your browser to: <http://www.Soundbyting.com/> (Excellent site: Visit it today!!)

SPA Announces Settlement in Software Piracy/Pornography Case

The Software Publisher Association (SPA) announced that it reached a settlement in the case



of a minor discovered hosting an Internet "warez" site promoting illegal software while, at the same time, advertising and linking to other sites promoting pornography. Under the terms of the settlement, the minor with undertake 20 hours of community service and face a \$5,000 penalty if the illegal activity is carried out again.

Point your browser tip: <http://www.spa.org/>

(SPA Company Press Release, March 18, 1998)

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