

October 3, 2007

The Honorable Howard L. Berman
Chairman
Subcommittee on Courts, the Internet and Intellectual Property
B-352 Rayburn House Office Building
Washington, DC 20515

The Honorable Howard Coble
Ranking Member
Subcommittee on Courts, the Internet and Intellectual Property
2468 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Berman and Ranking Member Coble:

I appreciate your inclusion of the National Association of Broadcasters (NAB) witness at the Subcommittee hearing on July 31, 2007. NAB Radio Board Second Vice Chair Charles Warfield spoke of the role of local radio in promoting and building the value of America's musical artists. He also reiterated the long-standing, symbiotic relationship between local radio and the recording industry. The approximate 14,000 local radio stations in America are proud of our efforts to enhance the value of artists and provide musical diversity to 250 million American listeners.

As you will recall, during the recent hearing there was significant discussion about ways to improve the financial circumstances of performers; however, many questions went unanswered. To bring the full picture of the recording industry to light, we respectfully request that you and the Subcommittee members hold additional hearings that address all aspects surrounding this issue, including the relationship between performers and their record labels.

A hearing that includes the Recording Industry Association of America (RIAA) and the four major record labels would allow members of the Subcommittee to explore more thoroughly the typical business practices of the recording industry and the dynamics of the relationships between the performers and the record labels. If the goal is to improve the circumstances of performers and build the cadre of music into the future, the relationship between performers and record labels also bears examination.

Today we have four major record labels that effectively dominate the music business, often to the disadvantage of the artists. Mr. Warfield, who previously worked for a record label, detailed some of these practices during his testimony. Some of the issues that could be explored during additional hearings by the Subcommittee include:

1. Are performers fully informed about the details of the contracts they sign with record labels? How can performers be adequately protected? When new artists contract with record labels, do record labels allow the artists a meaningful opportunity to negotiate the terms and conditions of compensation?
2. Over the years, how much did the various record labels benefit financially from the sales of the performer witnesses at the July 31, 2007 hearing? How does that compare to the compensation actually paid to the performers who testified on the 31st?
3. What is the minimum, maximum and average dollar amount the record labels receive from a performer's recording? What is the average amount that performers earn from the sale of each CD? From each download?
4. How can the relationship between the performers and record labels be improved to provide for the retirement of artists? Are there ways that contracts between the performers and the record labels could be written to provide for the artists during their retirement years?
5. What percentage of performers own the rights to their music versus the percentage owned by the record labels?
6. On average, how many performers find themselves in debt to record labels after signing with a label? On average, what is the amount of that debt? What is the impact on those performers?
7. Is it true that the international record labels, in their contracts, seek a percentage of the money made from the sale of t-shirts and other merchandise at concerts where the artist is performing their music without the help of the label in setting up or promoting the concert?

These and other questions could be explored at upcoming hearings to make certain America's artists are better compensated by their record label partners. I look forward to working with you and the other members of the Subcommittee to ensure Americans continue to have access to great music.

Sincerely,

A handwritten signature in blue ink that reads "David K. Rehr". The signature is written in a cursive, slightly slanted style.

David K. Rehr

cc: Members of the Subcommittee on Courts, the Internet and Intellectual Property