



Sound Recording Special Payments Fund Where Does *Our* Money Go?

By Phil Ayling
President, RMA

As part of RMA’s ongoing efforts to inform and represent recording musicians we want to update everyone about activities at the **Sound Recording Special Payments Fund** and the **Film Musicians Secondary Markets Fund**.

As most of us are all too well aware, the **Sound Recording Fund** has been in a terrible way for some time. The former Administrator, Enex Stele, has been dismissed for cause and is facing serious criminal charges. Additionally, poor management and wasteful expenditures have cost us millions.

By contrast, Dennis Dreith’s tenure as Administrator at the **Film Fund** has brought us an extremely organized and efficient operation, which is being translated into more money for the participants.

Fiscal Year 2004	Sound Recording Special Payments Fund	Film Musicians Secondary Markets Fund
Distribution Amount	\$13,542,000	\$63,683,127
Number of Fund Employees	23	30
Individuals receiving funds	25,000	20,866
Expenses	\$4,676,000	\$4,572,685

For every dollar sent to a participant the Sound Recording Fund spent 35¢
For every dollar sent to a participant the Motion Picture Fund spent 7¢

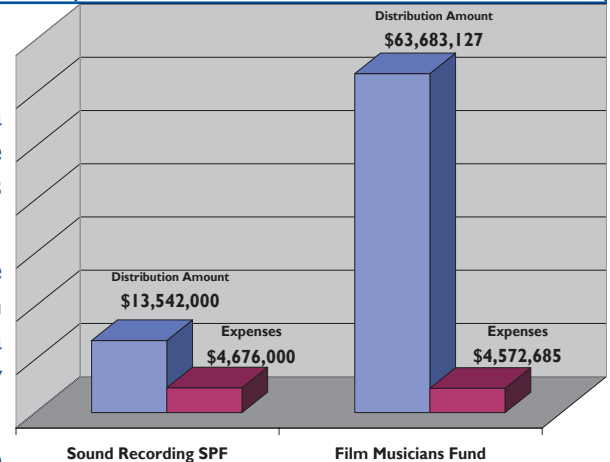
The **Film Fund** has to collect and individually process contract data for each film. They then perform specific pro/rata calculations on more than 7,000 titles, film by film, for each participant. Each of those titles has its own unique distribution year by year in perpetuity.

The **Sound Recording Fund** simply needs to identify what percentage of scale wages paid industry-wide in a given year are allocated to each participant. Wage data is assembled by piggy-backing on contract data collected, processed and delivered to the **Sound Recording Fund** by the **Pension Fund**.

Since the **Sound Recording Fund** has approximately 4,000 more participants than the **Film Fund**, one might expect that the cost of annual mailings could help explain their higher expenses. Surprisingly, the basic postage charge for the **Sound Recording Fund** annual mailing is only **37¢** compared to **\$1.29** for the **Film Fund**.

This years’ mailing from the **Film Fund** includes the Administrator’s letter, your Check (or Direct Deposit Voucher), Participant Statement, Master List of all Titles in System, Website Menu, Direct Deposit Enrollment Form, Inquiry Form, and Pre-Paid and Addressed Reply Envelope to Fund.

This years’ mailing from the **Sound Recording Fund** mailing contains only a letter from Norman K. Sannick (Chairman of the Oversight Committee), your Check (or Direct Deposit Voucher) and Participant Statement. Considering the history of sloppy management, at the very least including an Inquiry Form for errors and omissions should have been covered by all the money spent to provide us “service”.



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Money that should have been in your Check

For approximately four years the **Sound Recording Special Payments Fund (SR-SPF)** has been building a website (rhymes with oversight.) We believe hundreds of thousands of participant dollars have been wasted. Regardless of the outcome of the pending legal case against former Fund Administrator Enex Steele, it is highly unlikely that the Fund (you and me) will ever be reimbursed for poor management or bad decision making. Wasn't anyone watching?

To this day the RMA has been unable to get an accounting from the Fund or its' auditors about the expenses for the non-existent website. We do know that Price Waterhouse Cooper was retained at great expense to investigate security issues. Additionally, a website designer was being paid a monthly retainer during most of Enex's tenure. Other "specialized" expenses also occurred. A Public Relations firm was also being paid a huge monthly retainer to promote the website and other Fund activities (i.e. lavish parties, junkets, etc.) Those PR expenses continued to impact even this years' check, while ongoing and past expenses of the Fund continue under a veil of secrecy. We are, by law, entitled to more information than we are getting.

Anyone know a six year old who can design a home page?

The following quotes are taken from SR-SPF letters sent to the participants. Some of these were contained in the letters that accompany annual check disbursements. Other quotes were found in special letters (i.e. special mailings costing ten of thousands of Fund dollars) which were sent to the participants telling them what a great job the Fund was doing.

"I am also designing a website (www.prmspf.org) for the Fund... The website should be fully operational by second quarter 2001"

Enex Steele, Executive Director SR-SPF

January 29, 2001

"We are in the final development stage of our secure web site (www.prmspf.org) for participants and beneficiaries."

Enex Steele, Executive Director SR-SPF

August 1, 2001

"Dear Participant: We've been working diligently to provide you with a website that fulfills your needs. We at the Fund were deeply concerned about security of your personal information. Accordingly, we went to great lengths to

develop a solution that provided a level of security that we were comfortable with. We are pleased to announce the launch of: www.sound-recording.org

Enex Steele Executive Director SR-SPF

June 11, 2002

"Finally, the Fund's website will launch this summer"

Enex Steele Executive Director SR-SPF

August 1, 2002

"We are pleased to announce that the Fund's website, www.sound-recording.org will launch October 1, 2003. Details will be forthcoming shortly"

Enex Steele Executive Director SR-SPF

August 1, 2003

"Other active projects that we expect to complete during the current fiscal year include... launching the Fund's website this fall"

Norman K. Samnick,

Chairman, Oversight Committee SR-SPF.

August 2, 2004

RMA General Conference 2003

Because of concerns held by recording musicians throughout the AFM about the dysfunction and mismanagement at the Sound Recording Special Payments Fund, the following resolutions were adopted on November 16, 2003 at the RMA General Conference in New York. AFM President Tom Lee, thanked the Conference for passing these resolutions and promised to carry them, with the full support of his office, directly to Norman Samnick, General Counsel for the major recording companies:

Resolution 1. *The RMA at its 2003 General Conference urges the AFM to impress on Norman Samnick and the Record Industry the need to make an appointment as soon as possible of an Administrator who will have the confidence of the musicians in whose interests he/she will serve.*

Resolution 2. *The RMA recommends that Norman Samnick consider Dennis Dreith for the position of Administrator of the Sound Recording Special Payments Fund.*

Resolution 3. *The RMA at its 2003 General Conference urges the AFM to convey to the Record Industry that their Oversight Committee should function in a more frequent and regular manner than it has in the recent period.*

We have received no update from the Federation about any of these resolutions. Despite RMA pleadings for quarterly meetings, the Oversight Committee has met only once in the last 12 months.

The Chairman of the SR-SPF Oversight Committee (Norman Samnick, Lead Negotiator on behalf of the Record Companies) has been looking for a new administrator for more than a year. While we believe the position should have been filled promptly, we have no reason to believe that the process for finding an Administrator is any less flawed now than it has been in the past. We've already lost a year during which substantial improvements to the **Fund** could have been made. **Should the Record Industry be choosing the custodian for our money?**

The **Sound Recording Fund's** last two Administrators have both been dismissed for cause. Meanwhile, Dennis Dreith, whose performance as Administrator for the Film Fund has been absolutely spectacular, has offered to be interim Administrator for the **Sound Recording Fund for free! That's right!**

FREE !!!!!!!!

Dennis is willing to do the job without salary for a year, and then let his performance be evaluated before any permanent decision is made or any remuneration is received. Is the Record Industry's year long "Administrator search" going to deliver a better deal than that?

Will our AFM settle for risky "business as usual" at the **Sound Recording Fund**, or is the AFM going to fight for what's right? The **Fund** does not exist for the benefit of the Record Industry; it exists solely for the benefit of AFM Musicians.



The Alphabet Soup of Health Plans Explained: Part 1

This column is the first in a series on health care issues.

By Jay Rosen
Co-chair RMALA Benefits Committee
Trustee, Professional Musicians Local 47 H & W Plan

In a perfect world, every working AFM musician would be able to get all the great paying jobs they could handle and also get pension and health and Welfare contributions on all of them. In addition they would automatically become eligible and remain eligible for their respective health plans,

receive benefits for themselves and their families, all without lifting a finger. That, however is not a description of the real world. The medical insurance industry in the United States is in crisis, and we all need at least a basic understating of some of the terminology used by health care insurers, providers, and the Health Care industry when they communicate with us about our health insurance. The following basic primer of frequently used industry terms may help.

Q. *What is a third party administrator?*

A. A third party administrator (TPA) is an entity that pays claims and performs other administrative functions for pension plans, self-funded Health and Welfare plans, insured plans or multiple employer organizations.

Q. *What is "self-funding"?*

A. Self-funding is an arrangement in which an employer (or a trust fund sponsored by a group of employers) assumes some or all of the risk of a Health and Welfare plan. Self-funding is an alternative to traditional health insurance, and claims are paid directly from the plan sponsor's funds. A professional third party administrator (TPA) handles administrative functions. Employers and trust funds self fund their benefit plans because it offers more flexibility in plan design, administrative procedures, managed care choices and can be advantageous from a cash flow standpoint.

Q. *What is COBRA?*

A. The Consolidated Omnibus Reconciliation Act of 1985 (COBRA) requires that temporary health coverage be made available to qualified employees and their families when coverage is lost as a result of certain "qualifying events". The law also imposes strict administrative requirements on employers and employer organizations that sponsor health plans.

Q. *What is HIPAA?*

A. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) was designed to guarantee health insurance to workers and their families when they change or lose their jobs. The law also addressed a variety of health benefit issues related to administrative simplification, reducing fraud and privacy of patient information.

Q. *What is ERISA?*

A. The Employee Retirement Income Security Act of 1973 (ERISA) sets uniform, minimum standards to assure that employee benefit plans are established in a fair and financially sound manner. ERISA obligates employers and plan sponsors to provide promised benefits and satisfy a number of reporting and disclosure requirements related to the management and administration of Pension and Health and Welfare benefit plans.

To be continued...



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The Recording Musicians Association is a Player Conference
 of the American Federation of Musicians



New RMA International Officers

In May of 2004, Fletcher "Biff" Watson stepped down as First Vice-President of the RMA. Biff also served RMA as Special Assistant to the President for Intellectual Property Issues. In that capacity, he represented recording musicians at several negotiations dealing with Digital Downloads and Internet Music Sales. His efforts helped the AFM to strike a deal which will be incorporated into the next Sound Recording Agreement.

Biff is a member of Nashville Local 257 and has spent many years as a successful session guitarist, songwriter and producer. He has been an RMA activist and officer in various capacities, and we are sorry to see him go. During this last year, as we faced big benefit changes at the Pension Fund, Biff played a huge role in getting the word out and making a real difference. We all owe him our appreciation. President Ayling accepted his resignation with a tremendous sense of gratitude and regret, and joins all of you in wishing Biff and his family the very best.

As a result, the RMA International Executive Board appointed Executive Officer Bruce Bouton to fill the chair of First Vice President. The Board further appointed RMA Nashville Board member Dave Pomeroy to be our newest Executive Officer, filling the seat vacated by Bruce Bouton. By email poll, our Conference Delegates unanimously ratified both appointments.

Bruce has already established himself as a strong and articulate leader working on behalf of recording musicians within the AFM, while maintaining his active recording and performing career in Nashville. Dave Pomeroy, who is likewise active as a session bassist, producer and songwriter, brings a valuable new voice to our Executive Board. Dave participated in the June, 2004 meetings in Las Vegas between the RMA and the AFM International Executive Board, and spoke to crucial issues with clarity and eloquence. We are happy to welcome him aboard.

All organizations go through changes of leadership over time, and the Recording Musicians Association has always responded with agility to changed circumstances and new faces. We are indeed fortunate to have new leaders of such high quality step up to the plate now.

RMA in San Jose

By Nina Flyer
 Secretary, RMA-SF

I recently attended the G.A.N.G (Game Audio Network Guild) meeting in San Jose that took place in late March. Representing RMA San Francisco were Jan Ketchum, President, Nina Flyer, Secretary and Miriam Perkoff, RMA SF member. We were pleased to see our RMA LA members, Brian O'Connor, President and Marc Sazer, Secretary of RMA International and two people from the AFM Electronic Media Services, Carol Sato, Executive Director and Chris Milner, Contract Administrator at the meeting. These four Angelians were accepting an award for their wonderful work on crafting, with G.A.N.G., the new union interactive video game agreement. This new agreement will generate more video game work for AFM members, just at a time when the video game industry is expanding in many new directions, including concerts of video game music and, down the line, interactive movies.

There was a buzz in the air, as composers accepted awards for their top rated video games. The big winners of the evening seemed to be Indiana Jones and The Emperor's Tomb and Lord of the Rings; Return of the King. The composer for the Lord of the Rings was Howard Shore, well known to RMA members for his movie scores. Other award winners were Rob Light, Chuck Doud and Clint Bajakian. Best original soundtrack album went to The Hobbit. In between awards, different bands played video game musical hits, generating a huge reaction from the crowd.

RMA LA and RMA SF connected after the activities, and both chapters agreed that it was great to be in on the latest action in the video game world.