

The below is an article I wrote for Digital Music News on the frustration I have had dealing with SoundExchange and how I am not being paid what I am owed.

SoundExchange Is Screwing Me Out Of Money And There's Nothing I Can Do About It

When I started my research on SoundExchange I had a very favorable view of the non-profit company – even though they could not get my repertoire catalog straight. But, I had just heard from a reader (who I encouraged to sign up for SoundExchange) that his first check was for \$10,000! So there was hope.

SoundExchange is a non-profit organization setup by the government in 2000 (officially launched in 2003) to collect and distribute royalties in America earned from the sound recordings on digital (non-interactive) platforms like Pandora, Sirius/XM and any radio station that streams online.

I signed up to SoundExchange back in May of 2011. I did everything they asked me to do and was very thorough with my application. Their online registration was not fully developed and, if I remember correctly, I was only able to sign up as a **Featured Artist**. But I do have the email confirmations to prove my application was successful.

Nowhere on the application, however, did it mention that as an independent artist (who owns 100% of the sound recording) had to ALSO sign up as a **Rights Owner**. I learned about that only a few months ago and signed up as a rights owner as well. I have the email confirmations for all of this to prove it.

Every song holds two copyrights:

One for the **composition** (the song – controlled by the songwriter or publisher) and one for the **sound recording** (the actual master recording, controlled by the record label or the artist). SoundExchange collects and pays out royalties ONLY for the **sound recording**. Performing Rights Organizations (ASCAP, BMI, SESAC) collect and pay out royalties for the **composition**.

For these sound recording royalties, SoundExchange pays out 45% to Featured Artists, 50% to Rights Owners and 5% to background artists.

So, if you are an independent musician who owns 100% of your sound recording, you must sign up as a Featured Artist AND as a Rights Owner. The only way to obtain the background artists' royalties is to register with the American Federation of Musicians (AFM).

In the [PLAYS database](#) where an artist can search for songs reported to SoundExchange to submit corrections, I discovered (over a year ago) that only 8 of my songs (NOT the most popular ones) were listed. 4 of them had incorrect information listed. Some distribution company I had never heard of was listed as the Rights Owner (and theoretically getting paid by SoundExchange royalties they had no right to collect). There was a simple way to submit changes. I submitted the changes.

Over a year later those songs still have incorrect information.

In addition, SoundExchange has only been paying me for 8 songs (when I have over 70 released). Fans have taken screen shots of their Pandora when my songs come up and tweet and Facebook me the images. 9 times out of 10 the song they show me is NOT one that shows up on my royalty statement from SoundExchange. This doesn't add up.

SoundExchange is only paying me for 8 of my 77 released songs.

When I registered as a Rights Owner back in February of this year I submitted a FULL repertoire excel document (as required). It included my entire catalog.

I got an email from the repertoire department explaining they received my catalog, but I was not signed up as a Rights Owner. I responded explaining that I did sign up as a Rights Owner (and spoke with 2 reps on the phone to confirm I did it correctly). I even attached my "Success" email.

I followed up to repertoire@soundexchange.com multiple times for confirmation. Nothing.

Well, I got one response: “customer services. 202-640-5858”

That was literally the entire message.

Fast forward to last week. I attended the SoundExchange information session lead by Marketing Manager, Lauren Danzy, at the ASCAP Expo at the Loews Hollywood Hotel. It was a very short, 30 minute information session where she took questions intermittently throughout her presentation from very confused musicians. No one seemed to have a strong handle on what SoundExchange is or how to properly register for it.

Time ran out. I grabbed her business card and left.

I emailed her and asked to setup a meeting with someone at SoundExchange to write a full report to EDUCATE musicians and rights holders on how to properly signup for SoundExchange and make sure all the money that is owed to them is claimed (and hopefully get my situation worked out).

She responded saying the VP of Communications, Marie Knowles, would like to meet with me in person the following week as she was going to be in town for the Music Biz Conference.

Knowles made it incredibly difficult for us to find a time to meet. She requested a time and then canceled. Twice. She asked me to drive to her even though she requested the in-person meeting. And then she only afforded us a short 30 minutes.

Strike 1.

I fit in as many questions as I could and explained the headache I had been dealing with concerning the SoundExchange repertoire department. Knowles seemed completely unaware of the Plays database so couldn't address those questions and was taken aback that someone was having issues with their system.

Strike 2.

I was very confused as to why she requested to meet with me and then gave me the runaround and such a short window of time. Knowles was apologetic and

offered to meet the following day for a full session where I could get every question I needed answered.

Well, that was today. An hour before our meeting I received an email from Knowles stating she couldn't make our meeting because she woke up sick.

Strike 3.

It's very unfortunate that there is no alternative to SoundExchange. We have government regulated PROs in this country (ASCAP and BMI). If one of them was this disorganized and incompetent, then a member could just switch organizations. Not so with SoundExchange.

There is no alternative.

Well, the alternative is to go directly to each company and negotiate licenses on a case by case basis which is virtually impossible unless you are a powerful label with a large catalog.

I, along with thousands of other artists, are owed lots of money from SoundExchange, but SoundExchange seem more interested in lobbying congress to get better royalty rates than they do actually

helping the members they are supposed to be fighting for.

I am a perfect example of a pro-active SoundExchange member who is fed up. I am an artist who cannot seem to get paid what he is owed.

SoundExchange need some help. They need to hire employees who actually care about musicians. No one I've spoken to, interacted with via email or met in person actually seems to give a damn about musicians. How ironic.

What is the alternative? What are we supposed to do?

Sincerely,

Ari Herstand, Musician