

# billboard Bulletin

YOUR DAILY ENTERTAINMENT NEWS UPDATE

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## Google Points New Piracy Report Towards the Music Industry

BY ANDREW FLANAGAN

Google and the music industry have been engaged in a war of words for a quarter-year now, and neither side has taken one step back. That standoff has not abated even slightly with today's update of the company's "How Google Fights Piracy" report, an update to the company's 2014 edition which has ballooned from 26 to 62 pages in the interim. (Yes, "\$3 billion paid to the music industry since launch" makes an appearance.)

Most of that new space is in the form of rhetoric, clearly directed towards the music industry (winkily writing "our partners in the music industry" at one point), and to that end spends of lot of time on Content ID. It says Content ID has generated, through the monetization of user-uploaded videos, \$2 billion to rights holders -- double the dollar amount reported in its last edition -- since its debut.

The company writes that "well over 90 percent of all Content ID claims across the platform result in monetization" and that the industry "chooses to monetize more than 95 percent of their claims on the platform. It writes that Content ID is responsible for 50 percent of revenue generated for the music industry on YouTube, and that over 99 percent of

copyright claims on music are handled via Content ID.

Revenues from YouTube towards the music business increased 15 percent in 2015, according to research released yesterday by analyst **Mark Mulligan** -- after consumption of music content on the site jumped 132 percent in the same period. The relatively paltry revenue growth was pegged to a downturn in advertising value.

Music stakeholders counter that its returns from the platform are untenable, and that YouTube draws ears and eyes away from subscription services like Spotify, which pay a much higher return for access to the same music. YouTube counters that it is monetizing people who would (or could) never in a million years pay for Spotify or Apple Music or Tidal, stressing the "found money" of a "value shift."

**Frances Moore**, CEO of the global recording industry trade body IFPI is unmoved. "Member record companies' experience demonstrates that Google's Content ID tool is ineffective in preventing infringing content appearing on YouTube," the executive wrote today in response to the

(continued)

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report. “Record companies and publishers estimate that Content ID fails to identify 20-40 percent of their recordings.”

Of course, Google also has a popular web search business -- which has to balance (just as YouTube does) combating infringement against illegitimate complaints, such as requests for negative film reviews to be de-listed from search results. “While Google doesn’t want to include links to infringing pages in our search results, we need the help of copyright owners to separate the authorized or unobjectionable uses from infringing ones.” Download piracy has taken a back seat in priority to streaming for the industry, but is hardly being ignored.

**Geoff Taylor**, CEO of the U.K. major label trade body BPI, calls the report “a lot like ‘greenwash,’” writing that Google “is still one of the key enablers of piracy on the planet. Google has the resources and the tech expertise to do much more to get rid of the illegal content on its services.” ●

## Special Report: Pokemon Invade Music Industry Offices

BY DAN RYS

In an unexpected development, digital creatures of varying sizes called Pokemon -- some 150 different types in all, according to reports -- have infiltrated the offices of several record labels in the New York City area, *Billboard* has learned. As of press time, at least three record labels have confirmed sightings, with several employees taking it upon themselves to assume the role of vigilantes, as it were, capturing them in specially-designed Pokeballs and storing them within a mobile app called Pokemon Go for safekeeping.

One source, who spoke on the condition of anonymity because they were not authorized to speak on such matters, confirmed a sighting at the offices of Sony Music Group, with rumors placing it on the floor of Columbia Records. The source could not confirm the identity or type of Pokemon, however, only saying they had been surprised by an employee who

stopped abruptly next to a desk to capture it. “If you were at the Sony building, you’d have better luck in Madison Square Park,” the source said, referencing the cult-like group of adult humans who have dedicated their lives to hunting down the creatures since they first began appearing July 6. “Yesterday I saw mad people in the Shake Shack line [capturing them].”

Similarly, at Warner Music Group’s offices in Midtown Manhattan, multiple sightings have been confirmed, although again insiders could not confirm the identity or type of Pokemon. Worryingly, a source at Atlantic Records said that at least one individual, visiting the label’s office for a meeting earlier this week, suddenly disappeared for up to a minute, only to return apologizing having dipped away to catch a Pokemon. Over in Brooklyn, Partisan Records had a brief **Squirtle** situation early this afternoon, according to one person who spotted the aquatic turtle lurking on a nearby desk, which was luckily cleared up quickly with little fuss; a **Pinsir** has also been spotted in the vicinity.

Even *Billboard* headquarters are not immune; at least one staffer spotted a **Poliwag** near a desk just this morning, while another said the office has been practically overrun with **Zubats**. And artists such as Wiz Khalifa, Demi Lovato and

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the Chainsmokers have all publicly discussed encounters with various Pokemon in recent days.

Currently, it's unclear what the Pokemon's motives are. Many, as with the Squirtle/turtle corollary, resemble animals in form; others are plant-like or geologic; while still others seem to echo fantastical creatures such as dragons and ghosts, bringing in to question their musical abilities -- though some have been known to react to music. Their presence has not been confined to one area in offices, either, raising doubts about earlier rumors that several were seeking record deals; *Billboard* was unable to confirm one source's report that a Pokemon was spotted slipping a mixtape into an A&R's bag as of press time.

Despite their presence at both major and indie labels, conflicting reports out of Universal Music Group have made it unclear whether or not any Pokemon have been sighted in those offices. One source chalked that up to a malfunctioning Pokemon Go app, which has prevented them from searching too deeply; the staffer bravely offered to release a lure of some sort to attract those nearby and report back later. But another Def Jam insider, though claiming to have not seen the creature personally, made a bold assertion when asked where in the building they might be.

"What's the coolest Pokemon?" the source asked when reached by phone. "**Mewtwo?** There's one on top of Steve Bartels' sound system. He's got the best sound system in the industry." ●

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## Spotify Unveils Radio-Like Playlists, Featuring the Story of When James Blake Rejected Drake

BY BILLBOARD STAFF

Spotify launched a pair of new playlists on Wednesday. Big whoop -- except this time the streaming service is taking a page from the Beats 1 playbook, enlisting artists to host the radio-like programs, dubbed *AM/PM* and *Secret Genius*, and part of their ongoing "Originals" series.

*AM/PM* features artists like Tinie Tempah, Wolf Alice, Jean Michel Jarre and Terry Hall talking about their favorite morning and night music. Each artist gets to program two playlists, one for each part of their day. Wolf Alice singer Ellie Rowsell, for example, picked the Beastie Boys' "Sabotage" as her first track (though she does mistakenly say the band "learned to play their instruments after their career had started").

*Secret Genius* is a more traditional-sounding interview show, with topics discussed and songs sprinkled throughout each episode. The first three installments released by Spotify feature Nick Van Eede, Ed Drewett and, most notably, James Blake, who comments on his collaboration with Beyonce and reveals why he once turned down a collaboration with Drake.

The story goes that, four years after sending Drake some collaborative ideas, a rep for the Toronto rapper sent him an email saying that one of the beats was being used on "o to 100 / The Catch Up" and that they wanted his approval so they could release it the next day. Blake's response? No. "I only sent it as a collaborative idea, not to be sampled on a record," he says. "I asked my manager how much money I turned down by doing

that and it was, uh, I spat out my drink... I little bit regretted it later because it is good. I just did it as a matter of principle at the time."

He adds, "Just because someone has an impressive amount of clout and a global platform, I don't give a shit about that... I just want to make good music with people. And it was good music. But just ask me." ●

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## Governor Urged to Sign Tax Credit to 'Jumpstart' Music Production in New York State

BY BILLBOARD STAFF

Supporters of a tax credit designed to attract more music production jobs to New York State gathered on Tuesday to call on **Gov. Andrew Cuomo** to sign the bipartisan legislation into law. The Empire State Music Production Tax Credit, which passed easily in both the Assembly and the Senate in June, will provide a 25 percent tax credit for eligible production costs downstate (NYC) and a 35 percent break upstate.

"It is essential that New York enacts this program to jumpstart our dormant music and digital gaming industries," said Sen. Marty Golden (R-Brooklyn), one of the bill's main cosponsors. "I am so confident that this legislation will achieve its goal, and provide the leadership we desperately need in New York to grow these two dynamic sectors that deserve to have the Empire State as their global centers."

Golden's co-sponsor of the legislation, Assemblyman Joseph R. Lentol (D-Brooklyn), said that "unless we want New York's music economy to continue its slide into mediocrity we must take a stand."

The program is capped at \$25 million per year. To be eligible, costs must be related to job creation, rental fees, session fees

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for musicians/engineers, etc., mixing and mastering services, transportation, or for music video production. The bill, which had broad bipartisan support in both the Assembly (118-24) and Senate (60-2), received widespread support from the local music industry, which has been looking for ways to keep jobs and productions from shipping off to places like Canada.

“Across New York State, hundreds of thousands of New Yorkers help maintain New York’s role as the global epicenter of the music industry,” said Justin Kalifowitz, co-founder of New York is Music and CEO of Downtown Music Publishing. “They ensure that all facets of the industry operate in every region of the state at the highest level, creating singularly the most dynamic music ecosystem in the world. And at the heart of that system is music production and the incredibly talented creative and technical professionals working across the state.”

Ben Allison, president of The Recording Academy’s New York chapter, said the legislation “will send a strong message that New York is prepared to reclaim its rightful place as the music capital of the world. It creates a partnership between the music recording business and the State of New York - a partnership that helps to level the playing field and make NY, once again, a cost-effective place to make records.” ●

## Global Citizen, Live Nation Team Up to Fight Poverty

BY RAY WADDELL

Global Citizen and Live Nation have forged a multi-year partnership that will use live entertainment — including the 2016 Global Citizen Festival — to drive advocacy to end extreme poverty and other global issues.

Live Nation will produce the Global Citizen Festival in New York’s Central

Park on Sept. 24, and will also, along with its Ticketmaster division, mobilize its global network to spur music fans to get involved in the Global Citizen movement. The lineup for the 2016 Festival will be announced on July 26.

Fans can earn free tickets to the annual Global Citizen Festival by completing online “actions” aimed at tackling humanitarian crises such as poverty, gender inequality, hunger, and discrimination and violence against girls and women, as well as improving nutrition, education, and health services globally. This first Festival Campaign related to the Central Park event is focused on addressing the issue of gender equality, and ending discrimination and violence against girls and women. Information is at [www.globalcitizen.org](http://www.globalcitizen.org).

Live Nation is also encouraging its thousands of employees to participate with special engagement opportunities. Additionally, Ticketmaster will handle all ticketing for the festival, as well as provide ticketing support for the Global Citizen Tickets program, which was launched in 2013 by [Pearl Jam](#) manager Kelly Curtis and lets artists donate tickets to their own shows, which fans can then earn through Action Journeys. This gives fans the ability to activate and earn tickets to many different concerts and events throughout the year.

“We bring artists and fans together at events around the world, and by teaming up with Global Citizen, we can harness the influence of live music to make meaningful changes to the world,” says Michael Rapino, President and CEO, Live Nation Entertainment, in a statement.

“We are thrilled to have the opportunity to work with Live Nation to build an ongoing global events platform,” adds Global Citizen CEO Hugh Evans, who was honored with the Humanitarian Award at the 2015 Billboard Touring Conference. “Together we will grow the community of Global Citizens around the world, inspiring millions to challenge the status quo and break the systems that keep people in poverty.”

Founded in 2012, Global Citizen has

quickly grown to more than seven million users who regularly take actions in support of Global Citizen’s mission of ending extreme poverty by 2030. The [2015 Global Citizen Festival](#) in New York’s Central Park, curated by [Chris Martin](#) and headlined by [Beyoncé](#), [Coldplay](#), [Ed Sheeran](#) and Pearl Jam, was seen by millions around the world with Global Citizens taking over 2.3 million actions, securing commitments from governments around the world that are set to affect more than 297 million lives. ●

## Burning Man Disputes \$2.8M Bill for Federal Land Use Permit

BY ASSOCIATED PRESS

Burning Man organizers are disputing their \$2.8 million bill from the federal government — the cost last year of hosting its popular outdoor festival in the Black Rock Desert, a national conservation area in Nevada.

The festival takes issue with the Bureau of Land Management’s discretion over the week long counterculture celebration, claiming that the authority has been overstaffing and overcharging without fully explaining the tab, as first reported by the Reno Gazette-Journal.

“If they can’t explain all of it, then we’re asking for all of it back,” said Ray Allen, the San Francisco-based Burning Man organization’s lawyer.

But the case also pulls back the curtain on the logistical hurdles and an evolving backstage power struggle behind an event once considered an extreme camping experience that has now achieved widespread popularity with millions in revenue.

Held in Nevada since 1990 and known for art displays, dust storms and communal living, this year’s sold-out, 9-day festival in August and September is expected to

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draw tens of thousands of people to the scorching hot dry lake bed about 100 miles north of Reno. Burning Man — named for the large effigy burned during the festival — estimates more than \$30 million in revenues from the 2015 event.

The festival's special recreation permit from BLM is the largest of its kind in the country. Burning Man agrees to and pays for a cost estimate before the event and the final accounting is provided months after, following a post-event inspection of the site.

A BLM spokesman declined to comment on the 2015 cost appeal, but its formal response submitted noted that Burning Man officials were provided with a detailed summary of costs with receipts and that "(f)ederal government agencies are obligated to recover the full cost of providing a special benefit..."

The festival is taking the issue to the Interior Department's internal appeals court, where an administrative law judge will decide on the case. This arbitration process, which could last more than a year, is commonly used for challenges related to grazing or mining uses and fees.

BLM contends that Burning Man demands year-round planning and an unparalleled response to protect the public lands given its scope and nature. The 2015 event required 84 law enforcement officers, as decided by the BLM.

The festival argues that that many officers aren't necessary given that more than a thousand Burning Man volunteers also patrol the event and that it has a clean record of taking care of the land. Burning Man said in its appeal that more than half the BLM bill was to pay for labor costs, but that the paperwork lacked specific information about the duties they actually performed.

In recent years, a more openly adversarial partnership has surfaced between the festival and the increasing number of local authorities assigned to oversee it. Allen said Burning Man has been stomaching dramatically increasing costs since 2011, when its permit was \$730,000.

Meanwhile, there's been a noted

crackdown on crime, which in the past has largely been drug-related. A tipping point also came last year when the BLM was forced to publicly rescind its request for upgraded accommodations for its workers, from flushing toilets to Choco Tacos ice cream, that were derided as lavish and outlandish.

But there's also been recent BLM leadership changes in Nevada. Both the federal authority and Burning Man organizers said planning for the 2016 festival has been going smoothly. The new state director John Rush said BLM staffing numbers are expected to go down this year because communication between both sides are now much improved.

"We want to work collaboratively with the system," Allen said. "New BLM leadership will help us long term. We just need to get over this speed bump. We want the policies clarified moving forward." ●

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## Cloud Services Provider Omnifone Selling Tech Business, Assets to Mystery Buyer for \$10 Million

BY MARC SCHNEIDER

Omnifone, the loss-making B2B digital service provider, which is currently in administration, has received an offer to purchase its technology business and assets. According to a [proposal](#) dated June 27, the London-based company is finalizing a deal with an undisclosed U.S. buyer for \$10 million.

The proposed sale includes a "royalty bearing license" over the company's patents, but not the patent portfolio itself, nor any patent infringement claims,

debts or investments. The company says the included license will help "assist in exploring the value" in the overall patent portfolio.

Omnifone, which provides licensing and backend services for a variety of cloud-based digital music services, including [Neil Young's Pono](#), entered administration in May 2016 after determining it could not meet its debt liabilities.

The proposal, first spotted by [Music Ally](#), details the major events in the run-up to administration.

In 2015, Sony canceled its contract with the company, which had powered the Tokyo giant's since-closed Sony Music Unlimited service. It then sought funding from existing and new investors and secured a £3 million convertible loan agreement against the assets of parent company Omnifone Limited, as well as subsidiaries Omnifone Group Limited and Global Mediabank.

Problems mounted further in September of last year when SiriusXM notified Omnifone that it would be canceling its two-year-old contract, "despite assurance of support previously received," and then another client, the ailing streaming service Guvera, stopped making payments altogether.

"The SiriusXM contract cancellation meant that it was not possible to raise funds externally and the Group decided to enter into detailed discussion with numerous industry players with a view to selling its business," the document notes.

Payment plans were established with both SiriusXM and Guvera in order to keep the cash flowing during the merger/acquisition process, but only the satellite radio giant made any. At the time it filed for administration, Guvera owed Omnifone an estimated \$3.4 million AUD (£2.6 million).

"Given Guvera's financial position" -- It's bad -- "and the fact that a number of its subsidiaries have been placed into Administration, it is unlikely that the debt will be recoverable," the report concedes.

During the initial search for a buyer, the company received an additional loan of £1.5 million from note holders, and sought to cut costs by reducing executive salaries

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by 40 percent. When no offers were received, company directors approached investors about going into administration. After that, 71 of its 122 employees were laid off “as their function was no longer required.”

At the time of administration, the parent company said it had £1,418 in cash at bank, and was owed over £21.6 million in intercompany debts by its subsidiaries. According to Music Ally, Omnivore owes creditors £25.8 million within a year.

An Omnifone media representative did not respond to requests for comment. ●

## Suit Against Ted Cruz’s Long-Gone Campaign Over Song Use to Go Forward

BY ANDREW FLANAGAN

A suit brought against the campaign of former presidential candidate Ted Cruz over two songs will go forward, a judge ruled this week in Seattle.

Audiosocket, a company that curates licensable songs for use in projects, sued the Cruz campaign and ad agency Madison McQueen in May for using the two songs in campaign commercials, usage of the music that the company says is expressly prohibited in the licensing agreement between Madison McQueen and Audiosocket (and by extension, the songs’ creators).

Breach of the contract potentially puts the Cruz campaign on the line for \$25,000 per breach, which counts political and broadcast usage separately. Actual damages in the case, if any, will be determined at trial.

The Cruz campaign’s motion to dismiss the suit was rejected by Chief US District Judge Ricardo S. Martinez. “At this stage of the proceedings,” Judge Martinez writes,

“all that is necessary is that Plaintiffs have pleaded a plausible claim. They have done so.” ●

## Lupe De La Cruz, Veteran Music Exec, Dies

BY LEILA COBO

Lupe de la Cruz, the veteran music executive who led marketing teams at EMI Latin and Univision Records for over a decade, died Tuesday (July 12) from complications stemming from amyloidosis.

De la Cruz had a keen, deep understanding of marketing to Hispanics. In his tenures at EMI Latin and Univision, he worked campaigns for the likes of Pepe Aguilar, Marco Antonio Solís and Los Tigres del Norte and also for more pop acts like Jennifer Peña, Akwid and Pilar Montenegro.

Overwhelmingly, however, De la Cruz left an impact as a consummate gentleman; a man who was always dealing with high-profile projects but managed to exude calm in the midst of any storm.

Born in Long Beach, Calif., De la Cruz was the walking example of the bicultural, bilingual, homegrown Latino, and throughout his career, he straddled the two worlds.

De la Cruz initially worked in the public sector as chief of staff for Congressman Esteban Torres in Los Angeles before venturing into marketing and promotion for brands like Coca-Cola and Pepsi. De La Cruz eventually led the marketing department at EMI Latin for seven years before becoming one of the founding staff members of Univision Records, where he was VP of national marketing.

In 2006, De La Cruz was named VP/general manager of the Latin division of St. Clair Entertainment Group, where he worked with retailers in the U.S. and Puerto Rico.

On Tuesday, De La Cruz’s Facebook

page was flooded with comments from friends and former co-workers. “Thank you for all your advice and passion @ Univision Records and all you did for Urban Regional Movement,” wrote producer Byron Brizuela, referring to the electric chart-topping mix of urban and regional Mexican music that flourished under De La Cruz’s watch at Univision Records.

“Incredible person, humble, warm and always caring,” wrote Monica Ricardez, previously of Tower Records. ●

## WK Entertainment Signs Vallenato Artist Silvestre Dangond

BY BILLBOARD STAFF

Management company WK Entertainment signed a deal with vallenato artist Silvestre Dangond to helm and expand the Colombian’s career in the United States and Latin America.

“I believe in God and that the sincere desires of the heart and dreams are fulfilled. I know this team will fight for me, that they will help me reach another level,” said Dangond in a statement. “Every day a new ‘silvestrista’ is born, I want to get where they are. It will be very exciting for the ‘silvestristas’ of Colombia see international ‘silvestristas’ infected with my music around the world.”

The management company’s CEO Walter Kolm and Dangond’s longtime manager Carlos Bloom will co-manage Dangond’s career. “This new alliance we formed will undoubtedly contribute to strengthening Silvestre internationally. We celebrate this event and hope that it will serve as an example for future work of the new generations,” said Bloom.

WK Entertainment currently manages Colombian superstars Carlos Vives and Maluma. ●