### Exhibit 1228



VOLUME 97 NO. 40

THE INTERNATIONAL NEWSWEEKLY OF MUSIC AND HOME ENTERTAINMENT

OCTOBER 5, 1985/\$3.50 (U.S.)

### **Cutbacks at Record Bar:** h Layoffs, Store Closings

### BY FRED GOODMAN

NEW YORK Flat sales are being portrayed as the culprit in a series of major cutbacks by record retail giant Record Bar of Durham, N.C. Approximately 40 administrative positions—representing as much as 30% of Record Bar's home office staff—were cut on Sept. 19. Five of the chain's 193 stores have been closed in the last month, with more to come, and the fate of several other Record Bar ventures is unclear.

The layoffs, the first in the com-pany's 25-year history, came just a week after Record Bar's annual chainwide convention at Hilton Head, S.C. They include the rel

### Farm Aid Concert **Raises \$10 Million** In Sales, Pledges

This story prepared by Paul Grein and Kip Kirby.

CHAMPAIGN, Ill. Last week's allstar Farm Aid benefit at the Univ. of Illinois here raised approximately \$10 million in ticket sales, merchandising and pledges. That's one-fifth of the total event organizer Willie Nelson hopes ultimately to reach, counting mail-in pledges and retail sales of Farm Aid merchandise. In addition, Nelson notes that the toll-free 1-800-FARMAID phone lines will remain in operation for one year

Additional revenue could be gen-erated by a possible Farm Aid al-bum and videocassette. But Nel-son's manager Mark Rothbaum notes that reports of an album and video release are premature.

"All ancillary rights would have to be negotiated directly with the (Continued on page 68)

of 18 employees, the reassignment of 12 others, and the erasure of 10 currently vacant slots.

Ron Cruickshank, president of Record Bar, says the company's original projections for 1985 proved far too optimistic. "We were geared up for a 20% growth, and sales have been flat." he says. "That's the big-gest single thing, and we've had to we've had too much money going out."

Computer problems in Record Bar's new warehouse have been compounding the chain's cash crunch, leaving many outlets without the proper product mix going into the all-important holiday shop-ping season. "We're not getting the product out there fast enough,"

(Continued on page 70)

## **NO BOARD? Two Labels Seen** Abandoning New **CD** Packaging

BY IS HOROWITZ

NEW YORK Warner Bros. and Elektra Records have apparently given up attempts to seek early ac ceptance for all-board Compact Disc packaging that bypasses the jewel box.

Their packaging experiments with two top acts, which generated a firestorm of protest from retailers and consumers beginning last spring, have been shelved indefinitely, according to a highly placed source

While comment could not be obtained directly from creative services executives at the labels, fur-(Continued on page 70)

# Musical Majority Announcement LARFIS TAKE

BY SAM SUTHERLAND LOS ANGELES Eight U.S. record companies have taken public stands against proposed ratings measures for sound recordings, including the Recording Industry Assn. of America (RIAA) recommendation of an industrywide generic sticker.

The move, which marks the first significant shift in label postures since the RIAA framed its position earlier this summer, was signaled Thursday (26) with an announce-ment from the Musical Majority, a recently formed anti-censorship group, that the A&M, Geffen, Island, IRS, Tommy Boy, Modern and Gold Mountain labels have added

their support to the fledgling group's own stance.

Of those companies, only A&M has reversed a formal approval of the RIAA position, which held that 24 signatory member firms would voluntarily apply a generic warning sticker to product deemed potential-ly offensive. An RIAA spokesper-son confirmed that the other seven had not signed the RIAA statement on ratings, and are thus making their first public statement on the

Geffen Records founder David (Continued on page 68)

# Griffey, Zappa **Begin Seminar On Political Note**

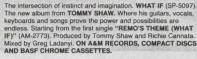
NEW YORK The sixth New Music Seminar began here at the new Marriott Marquis Hotel last Thursday (26) on a decidedly political note, with keynote speakers Dick Griffey and Frank Zappa urging grassroots involvement in the issues of apartheid and record rating respectively

Griffey, chairman of Solar Rec-Griffey, chairman of Solar Kec-ords and president of the Black Mu-sic Assn. (BMA), urged the record industry to act as "a communica-tor" on the issue of apartheid in South Africa. "Most young people here dealt here where institutional here don't know what institutional-ized racism is," Griffey said during his convention opening remarks. "Our responsibility is to make them

aware." Within the industry itself, Griffey also proposed a three-pronged program that includes recognizing a (Continued on page 68)



Move over Bing Crosby. It's time to get rockin' to the RAS Records Reggae Christmas LP. Featuring Jamaica's top recording artists, this is a delightful holiday treat everybody can rejoice to. Retailers make sure you have plenty in stock. Contact RAS Records, 301 564-1295. Also City Hall, Rounder, Action, Kenyon, Gemini, Big State, Richmond Bros., Western Merch. and Silo distribution.





Find authenticated court documents without watermarks at docketalarm.com.

# IN THIS ISSUE

VOLUME 98 NO. 40

### **OCTOBER 5, 1985**

- 1 NEWS ►Eight record companies have taken public stands against the stickering of records. ►Flat sales are being blamed for cutbacks by the Record Bar chain. ►Elektra and Warner Bros. appear to have abandoned their experiments with all-board CD pack-aging. ►Keynote speakers Dick Griffey and Frank Zappa sounded a political note at the New Music Seminar. ►The Farm Aid benefit concert raised approximately \$10 million in ticket sales, merchandising and piedges. ≫3/The controversy over lyric content has not spread to the U.K. or Europe. ►Billboard and European Music Re-port have entered into a joint venture. ►MGM/UA Home Video's Bill Gallagher praises his distributors. ►4/2Z Top's new album heads the list of October releases. ►6/Spec's Music's prospectus paints a rosy financial picture. ►72/Motown Records is using an unusual audio/visual sales pitch for its fall and winter releases
  - 4 Executive Turntable
  - 52 Classical
- 64 Album & Singles Reviews 72 Inside Track

56 Gospel

- 52 Latin
- 50 Dance Trax 56
  - Jazz
- INTERNATIONAL >EMI U.K. managing director Peter Jamieson has warned that the company's product may be taken away from the group's distribution arm. ►Newsline: Australia.
- COMMENTARY 
  Guest Column: Songwriter Sheila Craft ex-amines "hard-core lyrics." 
  Letters. 10
- RADIO -Country music broadcasters at Radio '85 blamed a va-12 riety of factors for the format's ratings slump. ►Out of the Box. ►Newsline. ►16/Vox Jox. ►Yesterhits. ►17/Featured Programming.
- **RETAILING** > The framework for a new national network of 18 computerized one-stops has been set in motion. ►19/New Releases. ►22/On the Beam.
- VIDEO RETAILING >Musicland's new commitment to full-line 23 home video was outlined at the chain's recent convention.
- 26 HOME VIDEO Sony's High Definition Video System is about to make its debut in movie theatres. Newsline.
- 33 VIDEO MUSIC New York's Irving Plaza rock club has ended "video-free" policy. New Video Clips. 36/MTV Programming.

### **CE-1 SPOTLIGHT ON CHILDREN'S ENTERTAINMENT**

- PRO AUDIO/VIDEO ► The upcoming AES convention looks 36A to be the largest one yet. ►Audio Track. ►Video Track.
- TALENT -Aerosmith has a new lease on rock life. -39/Talent 38 in Action: Neil Young, King, Ray Charles. -Boxscore.
- COUNTRY >Tri-Star Pictures and MCA Records are joining 41 forces to promote "Sweet Dreams," the movie about the life of Patsy Cline. Nashville Scene.
- BLACK Morris Day is branching out with his new single, "The Oak Tree." The Rhythm & the Blues. 45
- CLASSIFIED ACTIONMART 54

1

DOCKE

CANADA -The recording industry is getting ready for a six-59 week cooperative celebration of domestic product. Maple Briefs. 61 UPDATE Newsline, Calendar, Lifelines. New Companies.

CHARTS ►6/Chartbeat: "Part Time Lover" becomes the 26th top. 10 hit of Stevie Wonder's career.

	Top Albums		Hot Singles
16	Rock Tracks	14	Hot 100 Singles Action
22	Compact Discs	17	Adult Contemporary
52	Latin	50	Dance/Disco
44	Country	41	Country Singles Action
48	Black	42	Country
56	Spiritual	44	Black Singles Action
60	Hits of the World	46	Black
66	Top Pop	60	Hits of the World
	Top Video/Computer	62	Hot 100
20	Computer Software		
23	Kid Video		
24	Videocassette Rentals		
26	Videodisks		
28	Videocassette Sales		
published we Astor Plaza, U.S. \$148.0 Current and	1985 by Billboard Publications, Inc. Bll ekly (except for the last week in Decc 1515 Broadway, New York, N.Y. 10036 0. Second class postage paid at New back copies of Billboard are available or hite Plains, N.Y. 10601 or Xerox Univer	York, N. sity Mic	by Billboard Publications, Inc., On iption rate: annual rate, Continent Y. and at additional mailing offic Im from Kraus Microform, One Wa

by Neil Young and John Cougar Mellencamp, as the trio surveys the early morning crowd at the Sept. 22 benefit concert in Champaign, Ill. (Story, page one.)

# LYRIC ROW NOT ECHOED OVERSEAS **Idea of Rating System Finds Few Foreign Proponents**

This story compiled by Nick Robertshaw and Peter Jones in London, with assists from Jim Sampson in Germany, Willem Hoos in Holland, Glenn A. Baker in Australia and Vittorio Castelli in Italy.

LONDON Stateside controversy concerning explicit, violent or profane song lyrics has found few echoes in Britain or elsewhere. Industry opinion in the U.K. holds that self-regulation has worked per-fectly well in the past and will continue to do so. The notion of a lyric rating system is widely regarded as being just short of absurd.

John Deacon, director general of the British Phonographic Industry (BPI), notes: "One of the main reasons for the success of the British



Top Pickers Lend a Helping Hand. FarmAid organizer Willie Nelson is flanked

### record business of late has been the sensitivity of the record companies to the demands of the consumer. Put simply, the customers are get-

"The industry's output is in effect a reflection of public taste," says Deacon, "and it makes no commercial sense either to offend listeners or to place retailers in jeopardy by issuing records with dubious lyrics. Self-regulation is brought about by

normal commercial pressures." He adds that if BPI members were ever to request guidelines, they would be provided, but that no such request has ever been received. U.K. companies voluntarily sticker releases deemed likely to give offense; CBS, for instance, has done so with recent Marvin Gaye and Joan Rivers albums.

But even here, some retailers warn that any hint of censorship is more likely to attract some youthful record buyers than to deter them.

Nevertheless, controversy in this field is not unknown within the U.K. marketplace. During the heyday of the British punk bands-whose central ambition was to be as offensive as possible-records like the Sex Pistols' "Never Mind The Bollocks, Here's The Sex Pistols" succeeded in arousing the hostility of the conservative establishment, thereby helping to guarantee their commercial succes

Where the Obscene Publications Act has been invoked, retailers have (Continued on page 70)

## **Keynote Speech at Video Confab** MGM/UA's Gallagher Praises Distributors

NEW YORK A strong defense of video wholesalers is a key element of a keynote speech by Bill Gal-lagher, president of MGM/UA Home Video, at this week's convention of the 560-unit strong National Video Co. at the Princess Hotel in Acapulco.

Gallagher, whose keynote Monday (30) is a highlight of the fiveday confab, has arranged an unusual video presentation. He has taken clips of 10 home video companies whose executives appear on a "Studio Executive" panel Wednes-day (2) and has compiled them into a 25-minute presentation as part of his address.

Before the convention, Gallagher stated that his 30 years of experience in the music industry, much of them as top sales executive at Co-lumbia Records, have made him particularly sensitive to the "value of two-step distribution, particularly if one is marketing a sizeable cat-

alog. "A distributor who enters into an agreement agrees to represent the broad base of a manufacturer's catalog. To a company in the video in-dustry that lives on hits alone, this dustry that lives on hits alone, this philosophy may not be very impor-tant, but my company, MGM/UA, represents the most classic catalog in the film industry." Gallagher says MGM/UA's di-rect selling policy protects his wholesalers via terms that do not undercut them, a policy in effect

share

hare my risks." MGM/UA's distributor network involves 27 to 30 companies, although representation by such firms as Commtron, Metro and Sound with their multiple setups swell the ranks even further Gallagher further contends that

visibility of product in key mass merchandiser outlets such as Kmart, which does not rent product, eventually feeds consumer traffic to the video specialty dealer who buys from his distributors.

To the doomsayers who believe (Continued on page 70)

# **Billboard Forges New Link** With European Music Report

NEW YORK Billboard Publications Inc. has announced a joint ven-ture between Billboard and European Music Report (EMR). The venture will be headquartered in Amsterdam. The principal property of EMR is Eurotipsheet, a weekly publication covering the Pan-European market for radio, tv programmers and the music industry at large. Eurotipsheet, started 15 months ago, is the compiler and publisher of the European Top 100 charts, reaching 5,000 readers weekly. Theo Roos, founder and publisher of Eurotipsheet, has, in a 20-year music industry career, held key roles with EMI, WEA and Phonogram. He is also the founder of Flying Dutchman, a leading international music will be headquartered in Amster-

man, a leading international music

marketing company. Roos will continue as president of EMR, and will also function as pub-

to new headquarters in Amsterdam, and as a result of the alliance with Billboard will share new office space

in London with the magazine. Sam Holdsworth, publisher of Billboard magazine, notes that the "syn-ergy existing between the two publiergy existing between the two publi-cations is ideal. The alliance strengthens Billboard's overall posi-tion in Europe. Theo Roos' industry experience and leadership combined with the experience of with the experience and resources of Mike Hennessey, managing director of Billboard Ltd., will help position and strengthen publications in the international home entertainment

Eurotipsheet was established to serve a growing Pan-European music marketplace, and Roos now plans to expand the publication overall and increase its news coverage. EMR also has plans for radio and tv as

# Calendar

Weekly calendar of trade shows. conventions, award shows, semi-nars and other notable events. nd information to Calendar, Billboard, 1515 Broadway, New York, N.Y. 10036.

#### SEPTEMBER

Sept. 30-Oct. 3, National Assn. of Recording Merchandisers (NARM)Retail/Manufacturer Advisory Committee Meeting, Shera-on Harbor Island, San Diego. (609) on Harb 424-7404.

#### OCTOBER

Oct. 5, Music Law Synposium, 1985, Mandalay Four Seasons, Dal-ias. (312) 988-5580.

Oct. 10, American Jewish Congress Cultural Achievement Award Dinner, Pierre Hotel, New York

Oct. 10-11, Electronic Accesso ries Show, Atlantic City (N.J.) Con-vention Center. (215) 675-7562. Oct. 10-12, Fourth Annual NARM Independent Distributors

Conference, Sheraton Bal Har-bour, Bal Harbour, Fla. Oct. 11-13, Country Music Assn.

Talent Buyers Seminar, Hyatt Regency, Nashville. (615) 244-2840. Oct. 11-13, 21st Annual Retail Advertising Seminar, Westin Ho-

tel, Chicago. (212) 244-8780. Oct. 12-16, Audio Engineering Society (AES) Show, New York Hilton, New York. (212) 661-2355.

Oct. 14, Country Music Assn. Awards Show, Grand Ole Opry, Nashville. (615) 244-2840. Oct. 15, Annual BMI Country Awards Dinner, BMI Nashville Yeadquarters, Music Row, Nash-ville. (615) 259-3625.

Oct. 16-18, Musexpo/Videxpo '85, Kensington Exhibition Center,

London. (01) 968-4567.

#### NOVEMBER

Nov. 9, 1985 CMJ New Music Awards, Beacon Theatre, New York. (516) 248-9600.

Nov. 14-16, 16th Annual Loyola National Radio Conference, Holi-day Inn, Mart Plaza, Chicago. (312) 3207

Nov. 16-17. Ninth Annual Songwriter Expo, Pasadena City College, Passadena, Calif. (213) 462-

Nov. 20-24. Billboard's Seventh Annual Video Music Conference, Sheraton Premiere Hotel, Univer-sal City, Calif. (213) 273-7040.

### JANUARY

Jan. 27-31, Midem, Palais des estivals, Cannes, (516) 364-3686.

FEBRUARY Feb. 2-5, NRB '86, Sheraton Washington Hotel, Washington, D.C. (201) 428-5400.

DOCKE

# **Pop Music Video Network Prepares for Oct. 31 Debut**

BY JIM McCULLAUGH LOS ANGELES Music Video Ser--a major music video distribuvices-

tion, marketing and promotion com-pany—is forming the Pop Music Network, an affiliation of video music cable and broadcast television channels and programs consisting of more than 40 million potential viewers

The primary goal of the Oct. 31 launch, explains MVS president John Persico, is to secure and coordinate national advertising for PMN and, in turn, offer major national advertisers an alternative media buy for next year. He adds that he hopes to add anywhere from five to 10 stations by year's end and boost the potential viewing audi-ence to more than 50 million. He claims that the affiliation will pro-vide a lower spot cost for national advertisers than MTV, which boasts approximately 27 million viewers.

Among current affiliates are New York/New Jersey's U68, Bos-ton's V66, Houston's Video Majic, L.A.'s Video 22 and nine other out-

"We think the timing is perfect," says Persico, "in that many of these stations are just in the process of setting up sales departments, and Warner Bros. and CBS are charging for clips. This is a way those sta-tions can pull in national advertising and receive a major source of revenue

"In some cases, it may mean sur vival for a small station in a small market. It's hard for a station to sell on its own.

Persico adds that the arrangement is non-exclusive, and that there will be restrictions in major markets to avoid advertising repre-sentation conflicts. PMN affiliates will still tap local advertisers.

In addition to securing airtime for sponsors for PMN, MVS also hopes to orchestrate national promotional events, contests, syndicated programming, special features and oth-er activities heretofore unavailable to tertiary market programs. Tar-get demographics are both male and

female 12- to 34-year-olds. MVS, with offices in both Atlanta and Los Angeles, also offers re-search and tracking activities for the music video industry. Its video clip charts, based on television and club airplay, appear in numerous trade and consumer publications, in-cluding USA Today, Rolling Stone and TV Guide.

# ifelines

### BIRTHS

Girl, Diana Ruth, to Mandel and Deidy Riley Crittendon, Aug. 14 in Dyersburg, Tenn. She is program director at WFUL Fulton, Ky.

Boy, Scot Lawrence, to Stephen and Nadine Peeples, Sept. 2 in Beverly Hills. He is a producer and editorial director with the Westwood One Radio Networks.

Boy, Patrick Smalley-Wall, to Dr. Sue Smalley and Kevin Wall, Sept. 9 in Los Angeles. He is president of Radio Vision International, a licensing agent for home video programming.

Ugly Alien Entertainment, a management and booking company, formed by Terry Selders. First sign-ings include the Dose, Space Goop and Martial Law. P.O. Box 26,

Mansfield, Pa. 16933; (717) 662-7035.

Ben Cromer Productions, formed by Ben Cromer. Company's central focus is the syndication of rock pro-

gramming to album rock, CHR and oldies-formatted stations. 2115 Sou-

Boy, Ryan Joshua, to Gary and Dena Casson, Sept. 13 in New York. He is vice president of business affairs for Elektra/Asylum Records.

Boy, Harry Nicholas, to Dave and Samantha Frishberg, Sept. 20 in Van Nuys, Calif. He is a Fantasy recording artist.

#### MARRIAGES

Jonathan Zavin to Bernadette M. Hogan, Sept. 21 in New York. He is a partner in the entertainment law firm of Zavin, Sinnreich & Wasser-

### **New Companies**

orest Park Rd., Atlanta, Ga. 30351; (404) 366-6657.

Mach One Music Inc., formed by Byron Grant and Bob Hurley. Combyton Grant and Boo Hurley. Com-pany publishes the Express Music Catalog, a 22,000-title retail mail-or-der catalog of music and video soft-ware. 175 Firth Ave., New York, N.Y. 10010; (212) 245-6161.

NightWave Records, an independent record label specializing in dance music, formed by John DeLa-Vina and Kevin G. Toney. First re-lease is "Magic," a 12-inch single by Brian Soares. 7985 Santa Monica Blvd., Suite 109-Box 440, West Hol-burgood Colif 90046 (212) 650 3101

Find authenticated court documents without watermarks at docketalarm.com.

# newsline

pdate

DON'T DELAY: Members of the National Academy of Recording Arts & Sciences (NARAS) should keep in mind that this year's Grammy Awards entry forms, covering the entire eligibility period for members and the last three months of the period for companies, must be received by the following dates: Thursday (3) for companies; Monday (7) for members. Late filing could result in elimination from the nomination process

GET THE FACTS about the issues involved in the "Home Audio Recording Act" now pending in Congress at the New York Music Publishers' Fo-rum, next Monday (7) at the Grand Hyatt's Empire Ballroom E, from 4-7 p.m. On hand for the discussion will be Congressman Bruce Morrison (D-Conn.), who recently introduced the bill in the House; Recording In-(D-Confi), who recently introduced the bin in the rouse, recording in-dustry Assn. of America (RIAA) president Stan Gortikov; George Da-vid Weiss, president of The Songwriters' Guild; and Chappell/Inter-song Music USA president Irwin Robinson. For information, call Lori Mason at (212) 370-5330, ext. 63.

A NEW EXCLUSIVE DISTRIBUTION DEAL now has the major custom recorded projects of Book-of-the-Month Records, a division of Book-of-the-Month Club Inc., exclusively distributed to the retail trade by Caed-mon/Arabesque. It's C/A's first outside distribution deal. The first mon/Arabesque. It's C/A's first outside distribution deal. The first four releases to be handled under the new pact (all are three-LP sets, with two-cassette and two-CD set equivalents) are "Sondheim," "Songs Of New York," "Bach Family" by the Zuckermans and "Bee-thoven Sonatas" by Richard Goode. All were set to ship Tuesday (1). On Nov. 1, two more three-LP sets ship: "Complete Chopin Polonaises" by Arthur Lima, and "Swing Reunion," featuring Red Norvo, Louie Bellson, George Duviver, Benny Carter and others. The stores and chains Book-of-the-Month Records had been servicing directly will now be handled by Caedmon/Arabesque. For information, contact (800) 223-0420. 223-0420

**SLOW BOAT TO BELJING:** Neshui Ertegun, president of the International Federation of Phonogram & Videogram Producers (IFPI) and chairman of WEA International, will head a seven- to 10-day fact-finding mission to the People's Republic of China. The expedition comes at the invitation of Kong Mai, secretary general of the Chinese ministry of radio and tv. Members of the IFPI group are: Allen Davis, vice president of CBS Records International; Ian Thomas, director general of IFPI; and Nicholas Garnett, IFPI regional director, Asia/Pacific. The group is due to arrive in Beijing on Oct. 9, with the purpose of "increasing cooperation between China and the world repurpose of "increasing cooperation between China and the world re-cording industry."

## Joint Telerecording Push CompuSonics. AT&T Link

NEW YORK CompuSonics Corp., the Denver-based manufacturer of digital audio equipment, has entered into a one-year agreement with AT&T to jointly promote the telecommunications giant's Ac-cunet Switched 56 data transmission service and CompuSonics digital telerecording system. Under the terms of the agree-

ment, the two firms will participate in joint marketing activities, including promotional events, seminars and sales presentations for telerecording applications

At a recent press demonstration hosted by AT&T at its headquarters here, CompuSonics made use of AT&T's land-based telephone data transmission system to digitally transmit and receive music between Chicago and New York (Billboard, Aug. 17).

David Schwartz, president of CompuSonics, is a strong proponent of the "electronic record store" con-cept, an idea that has been bandied about for some time, but which Schwartz says is now poised to "be-come a reality." While that is open to debate, such a system, as seen by

cess and hard disk equipment to allow music software dealers to re-ceive an album master via a digital transmission from the record com pany

The retailers would then be able, in turn, to digitally transmit the mu-sic to consumers who would use credit cards to charge their pur-chases over the phone lines. The final step would involve the Compu-Sonics consumer digital audio recorder/player (which has yet to see production), which would record the

transmission onto a five-and-a-quar-ter-inch "super-floppy" disk. AT&T's Accunet Switched 56 ser-vice was started last May, and is provided by AT&T Communica-tions, a unit of the firm based in Basking Ridge, N.J. The service is capable of a number of applications in addition to its ability to transmit high-quality audio signals, such as transmitting large blocks of digital data, improving the effectiveness of data networks, and sending digitally-encoded, encrypted voice or rideo signals and other forms of data. AT&T claims the system is more reliable and less expensive than satel-

thall Place S.W., Roanoke, Va. 24015; (703) 982-7397. L.P.R. International Ltd., formed by Larry B. Phillips. Company's focus is artist booking, management