

DATE April 1, 1981

CO _____
OF _____ CI CRI CMP

FROM _____
OFFICE _____ CI CRI CMP



MEMO

SUBJECT: HISTORY OF PUBLISHER LICENSES COMPUTATIONS AND PAYMENTS RE BEATLE PRODUCT

The following material has been prepared at your direction:

FOREWARD:

Prior to 9-1-69

EMI licensed Capitol to manufacture Beatle product in the U.S. and Canada. Capitol therefore obtained the licenses from the publishers or their agents, computed the amount due, prepared the statements quarterly and sent them directly to the publishers or their agents with a Capitol check in payment.

From 9-1-69 through 4-30-76 (Exhibit A)

EMI licensed Apple to manufacture Beatle product in the U.S. and Canada. Apple was the manufacturer in the U.S. but sub-licensed Capitol to be the manufacturer in Canada. Therefore, as far as Canada was concerned, there was no change in regard to publishing, i.e. Capitol as the manufacturer obtained the mechanical licenses, computed the amounts due, prepared the statements and made payments directly to the publishers or their agents. In the U.S. it was Apple's responsibility to obtain the licenses, compute the amounts due, prepare the statements and pay the publishers or their agents. Since Apple was unable at times to perform some or all of these functions, Capitol had to assist as the necessity arose. This will be explained in this memo.

From 5-1-76 On

EMI again licensed Capitol to manufacture Beatle product in the U.S. as well as Canada. Publishing licenses were therefore again a part of Capitol's normal license system. Since the date of the EMI license change was not at the end of a calendar quarter, Capitol and Apple agreed that the transfer of mechanical license responsibilities be made as of March 31, 1976 with proper adjusting entries for May and June. Consequently, Apple prepared the statements for the first quarter 1976 and Capitol for the complete second quarter and thereafter. More detail will be given in this memo following.

Purpose of This Memo

The purpose of this memo is to explain how mechanical licenses were obtained, computation of amounts due made, statements prepared and payments made to the publishers for the period 9-1-69 through 4-30-76 for Beatle product in the U.S. (Only one item following affects Canada - the fixed allowance for mechanicals on product released after 9-1-69 which will be so noted.)

...continued...

SIGNED: _____

DATE April 1, 1981
TO _____
OFFICE _____ CI CRI CMP
FROM _____
OFFICE _____ CI CRI CMP



MEMO

SUBJECT: HISTORY OF PUBLISHER LICENSES COMPUTATIONS AND PAYMENTS
RE BEATLE PRODUCT

Page 2

WHAT THE 9-1-69 AGREEMENT PROVIDES RE MECHANICAL LICENSES:

The 9-1-69 Agreement provides that Capitol would custom press for Apple, and Apple, as the manufacturer, would sell to Capitol as distributor all Beatle product in the U.S. The difference between the pressing price and the selling price resulted in a "spread" exactly equal to the artist royalty plus the mechanicals as agreed upon in the August 8, 1969 memo between Capitol and Apple. That memo provided that the royalty on any product released after 9-1-69 was subject to an adjustment equal to any difference in the actual mechanicals from 24¢ per LP or tape equivalent and 4¢ for singles. As an example, if the actual license fees were 28¢, the royalty would be reduced 4¢. If the actual license fees were 22¢, the royalty would be increased 2¢. This provision applied to Canada also. In the U.S. it was built into the contract spread prices. In Canada, it was adjusted on the artist royalty statement.

INTENDED PROCEDURE RE MECHANICAL LICENSES UNDER 9-1-69 AGREEMENT:

1. Capitol would furnish Apple with copies of all mechanical licenses in effect as of 9-1-69. (This was done 10-6-69 - Exhibit B.)
2. Apple would have the licenses transferred or assigned to Apple. (Some publishers refused to do this.)
3. Apple would obtain licenses on all new product and advise Capitol of the rate. (In some cases, Apple had to request the license in the name of Capitol as well as Apple. After 2-28-73 and until 5-31-76 Capitol obtained all new mechanicals on "behalf of Apple" and sent copies to Apple.)
4. Capitol would turn over all publisher reserves at 8-31-69 to Apple and pay Apple this amount. (This was done 11-19-70 - Exhibit C.)
5. Capitol would pay the mechanicals to Apple monthly (as part of the spread). (This did not work out completely, as explained later.)
6. Apple would prepare the publishing statements and make quarterly payments directly to the publishers. (This also was not completely accomplished, as explained later.)

STUMBLING BLOCKS

SIGNED: Two stumbling blocks occurred immediately (and a third when Apple terminated their business manager, Abkco, in February 1973).

DATE April 1, 1981
TO _____
OFFICE _____ CI CRI CMP
FROM _____
OFFICE _____ CI CRI CMP



MEMO

SUBJECT: HISTORY OF PUBLISHER LICENSES COMPUTATIONS AND PAYMENTS
RE BEATLE PRODUCT

Page 3

1. Maclen (and Comet) refused to license Apple. (These licenses covered the majority of Beatle product.) This was overcome by having the licenses issued in the name of Capitol "on behalf of Apple." Apple computed the amount due quarterly and advised Capitol. Capitol issued a check payable to Maclen and forwarded it to Apple to deliver to Maclen with the Apple statement.
2. There was an initial delay in making any payments to Apple while Apple endeavored to get approval from the Bank of England to have the entire spread paid to Apple in New York. They were unsuccessful as far as the royalty portion of the spread was concerned, but the mechanical license portion of the spread could be sent to New York. All the mechanicals (with the exception of the Maclen) was then sent to New York when due - Exhibit D.) This continued until the next stumbling block.
3. When Apple terminated its business manager, Abkco, suddenly in February 1973, Apple directed Capitol to hold all monies for further instructions. Since it took Apple some months to acquire a new accounting firm, and then the new firm needed time to take over, Apple requested Capitol to prepare license statements and make payments on behalf of Apple for several quarters. By the time Apple's new accountants, Mahoney, Cohen & Co., were ready to take over the preparation of statements again, Apple was so involved in litigation with Abkco that Capitol was instructed to continue to hold all license monies until Apple was ready to pay the publishers each quarter at which time Apple requested Capitol, either directly or indirectly, to purchase cashier checks in California payable to the publishers in the amounts Apple directed and send them to Apple for forwarding to the publishers with the statements prepared by Apple. This procedure continued through the statements and payments for the first quarter of 1976. Since, at this point, both parties knew the 9-1-69 Agreement was to be terminated at April 30, 1976, it was mutually agreed that Capitol would start computing publishing and making payments directly as of the start of the second calendar of 1976.

CALENDAR OF PUBLISHER COMPUTATION, PAYMENTS UNDER 9-1-69 AGREEMENT:

Attached you will find a schedule of payments to publishers under the 9-1-69 Agreement, showing in detail by quarter who prepared the statements and when and how the publishers were paid.

SIGNED: _____

DATE April 1, 1981

TO _____

OFFICE _____ CI CRI CMP

FROM _____

OFFICE _____ CI CRI CMP



MEMO

SUBJECT: HISTORY OF PUBLISHER LICENSES COMPUTATIONS AND PAYMENTS
RE BEATLE PRODUCT

Page 4

4-1-76 TRANSITION BACK TO CAPITOL (EXHIBIT E):

The transition of the publisher license accounting back to Capitol was accomplished as follows:

Apple furnished Capitol with the publisher reserves at March 31, 1976 (Exhibit T). Since Capitol would now be responsible for the payment of these, they were charged against the publishing monies Capitol was holding for Apple and set up in Capitol's publisher reserves. The balance of the publishing money Capitol was now holding for Apple was also transferred to the Capitol publishing reserves since Capitol would be solely responsible for publisher payments in the future. From this point on, Capitol handled the publishing on Beatle product in the same manner as for any other artist.

COMMENTS RE OBTAINING PUBLISHER LICENSES:

While Abkco was in charge of accounting for Apple Records, they obtained the licenses from the publisher, and, where necessary, as with Maclen, in collaboration with Capitol.

From 3-1-73 through 3-31-76, Capitol obtained the licenses for new releases in the name of Capitol "on behalf of Apple" for all new product (Mahoney never took this over for Apple) and furnished Apple with copies of the licenses.

After 3-31-76, Capitol took out the licenses on new releases solely in the name of Capitol. I am not sure if Business Affairs ever eliminated Apple from those licenses on which Apple appeared. If you think it important that this be done, you may be wise to so advise Business Affairs.

SIGNED: _____

PUBLISHING LICENSE CALENDAR ON BEATLE PRODUCT

UNDER APPLE 9-1-69 AGREEMENT

9-1-69 THRU 4-30-76

3RD QUARTER 1969

(July and August covered by a Capitol statement and Capitol payment.)

September:

- Maclen - Statement prepared by Capitol on Apple letterhead and paid by Capitol check "on behalf of Apple" 11-14-69 (Exh. F)
- Harrisongs & Startling - Statement prepared by Abkco and paid by Capitol check 2-27-70 to publishers (Exh.H)
- Harry Fox Agency - Statements prepared by Abkco and paid by Capitol check to publishers 3-18-70 (Exh.I)
- Other Publishers - Statements prepared by Abkco and paid by Capitol check to publishers 4-2-70 (Exh. J)

4TH QUARTER 1969

- Maclen - Statement prepared by Capitol on Apple letterhead and paid by Capitol check to Maclen 2-16-70 (Exh. G)
- Harrisongs & Startling - Statement prepared by Abkco and paid by Capitol check to publishers (Exh. H)
- Harry Fox Agency - Statements prepared by Abkco and paid by Capitol check to Fox Agency (Exh. I)
- Other Publishers - Statements prepared by Abkco and paid by Capitol check to publishers (Exh. J)

1ST, 2ND & 3RD QUARTERS 1970

All statements prepared by Abkco and paid by Capitol checks to publishers:

- 1st quarter - 5-11-70 (Exh. K)
- 2nd quarter - 8-10-70 (Exh. L)
- 3rd quarter - 11-11-70 (Exh. M)

11-12-70 (EXH. N) INSTRUCTIONS TO SEND PUBLISHERS MONIES (OTHER THAN MACLEN) TO APPLE:

At this point, instructions issued to send all publishers monies withheld (other than Maclen) (less payments made to date therefrom on behalf of Apple) to Apple and to send future amounts to Apple each month as due. Maclen monies to continue to be held until Apple requests a Capitol check payable to Maclen each quarter, such check to be sent to Apple for forwarding to Maclen with the quarterly statement prepared by Abkco.

4TH QUARTER 1970 THRU 4TH QUARTER 1972 (EXCEPT THRU 3RD QUARTER 1972 FOR MACLEN)

During this period Abkco prepared all statements and paid all publishers except Maclen by Apple checks. Maclen statements were paid by quarterly Capitol checks payable to Maclen.

FEBRUARY 1973 APPLE TERMINATES ABKCO

Apple instructs Capitol to hold all monies due Apple for further instructions.

It was soon discovered that Abkco had paid all publishers through the 4th quarter of 1972, except for Maclen. Maclen had been paid through the 3rd quarter of 1972. Maclen complained to Capitol and Capitol made an advance of \$750,000 to Maclen against license fees due for the 4th quarter 1972 and 1st quarter 1973 on 8-3-73 (Exh. O).

APPLE REQUESTS CAPITOL TO COMPUTE THE LICENSE STATEMENTS AND PAY PUBLISHERS OUT OF THE MONIES WITHHELD BY CAPITOL

Since Abkco had never furnished Capitol with copies of the statements it had prepared for Apple, Capitol obtained copies of the last statements received by each publisher from the publishers and used these as the basis for preparing the following statements which were sent to the publishers:

4th Quarter 1972 for Maclen - 8-29-73 (Exh. P)
1st & 2nd Quarters 1973:
Maclen - 8-29-73 (Exh. P)
Fox - 9-18-73 (Exh. Q)
Independent - 11-15-73 (Exh. R)

The above statements were prepared by Capitol "on behalf of Apple". Payment was made by Capitol checks to the publishers.

3RD QUARTER 1973 THRU 1ST QUARTER 1976

At this point, Apple's new bookkeepers, Mahoney, Cohen & Co., were able to take over preparations of the statements, having located the computer firm that was doing the work for Abkco. Capitol furnished Apple with the publishing reserves it had held on the statements prepared by Capitol as of 6-30-73 (see Exh. S, 11-20-73). Due to its litigation problem with Apple, Capitol continued to hold all publishers monies until Apple requested checks payable to publishers and no monies were again sent to Apple in New York under the 9-1-69 Agreement. The payments were made as follows:

3rd Quarter 1973

By Capitol checks payable to publishers, 1-4-74 (Exh. U)

4th Quarter thru 1st Quarter 1975 (Exh. V)

By Capitol each quarter delivering a Capitol check to Apple in California which check was endorsed by an Apple officer and cashier checks purchased in California for the amounts due each publisher (or their agents).

2nd Quarter ¹⁹⁷⁵ thru 1st Quarter 1976 (Exh. W)

By Capitol purchasing cashier checks for each publisher as directed by Apple.

2nd Quarter 1976 On

Statements preparation and payments made by Capitol in same manner as for publishing for any other Capitol artist.



MEMO

DATE September 16, 1969

TO- _____

OFFICE _____ CI CRI CRDC CDM TRC

FROM _____

OFFICE _____ CI CRI CRDC CDM

SUBJECT: BEATLES ACCOUNTING - EFFECTIVE SEPTEMBER 1, 1969

An agreement has been reached between CRI, CRDC and The Beatles' business manager (Mr. Allen Klein) for a change in the accounting for Beatles' product (existing and future) effective as of September 1, 1969. Mr. Klein is now in England to obtain the signatures of the Beatles and E.M.I. which are necessary to amend the existing contracts. As soon as the amendments are executed you will receive data briefs from Mr. Tillinghast.

The following is the information you will need to know at this time:

A. Effective Date of Change - September 1, 1969

All accounting for sales of Beatle product through August 31, 1969 will continue as at present.

1. Artist Royalties

Since artist royalties are paid to E.M.I. on a quarterly basis, you must report only sales through August 31 (not September 30) for purposes of computing artist royalties on all Beatle product for the third quarter.

(This must be watched closely, since E.M.I. actually computes the royalty due under the portion of the Beatle catalog under the original "pence" contract, while Capitol computes the royalty due on product under the subsequent wholesale contract.)

2. Pressing Fees

E.M.I. will probably expect to continue receiving some pressing fees after September 1. We are trying to negotiate a new basis. In any event, they will get the current pressing fees on sales through August 31 and I will have to let you know what decision is reached as to the future.

3. Publishers License

Capitol Records, Inc. will pay the publishers licenses on sales through August 31, 1969 only. In preparing CRI

SIGNED:



MEMO

DATE September 16, 1969
TO _____
OFFICE _____ CI CRI CRDC CDM TRC
FROM _____
OFFICE _____ CI CRI CRDC CDM

SUBJECT: BEATLES ACCOUNTING - EFFECTIVE SEPTEMBER 1, 1969

Page 2

publishers statements for the quarter ended September 30, 1969, you must include only sales through August 31. If you have any publisher reserves on these items this may require special handling. (I have taken the liberty of asking Mr. Clough to review and recommend handling.)

4. U.A. Royalty on "Help" Album (#2386)

CRI will continue to pay directly to U.A. their royalty on the 5 non-Beatle tracks in the album (no change as far as U.A. is concerned). However, CRI will only pay the publishers on all tunes through August 31, 1969.

B. What the New Agreement Provides - Effective Sept. 1, 1969

1. E.M.I. will license Apple Records, Inc. (rather than CRI as at present) to manufacture all existing Beatle product and all new Beatles product in the U.S., Canada and Mexico.

2. Apple Records, Inc. will:

a. Engage CRI in the U.S.

- (1) as its sole source of supply for all singles and albums. (In the case of albums, this is for the bare disc or tape only and not for the package. CRDC will purchase the necessary packages directly from CRI.)
- (2) to manage its inventories, warehousing, packing and shipping to absorb any obsolescence or loss incurring therefrom.
- (3) to collate Apple's records and tape into packages provided by CRDC and to provide storage and shipping cartons, etc.
- (4) to provide all promotional activities in the broadest sense in accordance with established Capitol policies.

SIGNED:



MEMO

DATE September 16, 1969

TO _____

OFFICE CI CRI CRDC CDM TRC

FROM _____

OFFICE CI CRI CRDC CDM

SUBJECT: BEATLES ACCOUNTING - EFFECTIVE SEPTEMBER 1, 1969

(5) For all of the above, CRI will charge Apple the price shown on Schedule A of the contract. (Mr. Stanley has been given all the information and is preparing the price schedules.)

b. License CRI to manufacture Beatles' product in Canada and Mexico. (CRI will in turn sub-license Canada and Mexico to manufacture in their respective countries. In addition, Canada and Mexico will have to pay publishers licenses and any pressing fees to E.M.I. and/or CRI as agreed upon. This will be covered later in a separate memo.)

3. Apple Records, Inc. will engage CRDC as its sole distributor in the U.S. for all Beatle product. (The prices from Apple Records, Inc. to CRDC are for bare records or tape only and will also be listed on Schedule A of the contract now being prepared by Mr. Stanley.)

4. Apple Records, Inc. will pay all publishers licenses and all artists and producer royalties due on sales from September 1, 1969 on.

C. Required Accounting

1. Effective September 1, 1969 it will be necessary to account by selection number for each Beatle single in finished goods inventory, starting with the September 1, 1969 inventory, plus all new production of Beatles product (whether old or new), less disposition thereof through a) sales, b) promotion, c) freebees and d) scrapping (including breakage and claims), and e) remaining inventory. While the accounting begins with the moment the product becomes Finished Goods Inventory at the factories, all references as to charges between Apple and Capitol apply to the bare record portion only. (As stated above, the package portion of LP discs and tapes will be handled directly between CRI and CRDC.)

SIGNED: _____



MEMO

DATE September 16, 1969

TO _____

OFFICE _____ CI CRI CRDC CDM TRC

FROM _____

OFFICE _____ CI CRI CRDC CDM

SUBJECT: BEATLES ACCOUNTING - EFFECTIVE SEPTEMBER 1, 1969

4. Payment of Artist Royalties and Publisher Licenses

- a. Apple Records, Inc. will pay publisher licenses and artist royalties presumably on the net sales figures supplied by Capitol (CRDC and CRIC sales). However, this will be done for Apple Records, Inc. by Allen Klein's office in New York and we will merely advise them of the selection sales (gross, returns and net) which figures must tie in with the computation of the amount payable in 3.b., above.
- b. It will be necessary for CRI R & L Dept. to furnish Apple (Mr. Klein's office) with a copy of all licenses on Beatle product as of August 31, 1969, since they will be paying the licenses on these selections from September 1, 1969 on.

5. Pressing Fees to E.M.I.

As stated in A.2., some pressing fees may be payable to E.M.I. from CRI. As soon as we know the outcome we will inform you.

6. Price Changes

In the event that the suggested retail price changes, it will be necessary to reprice the inventory at the new prices. This will result in price adjustments between Apple and CRDC and between CRI and Apple.

If you have any questions, please advise.

October 6, 1969

Mr. Joel Silver
ABKCO Industries, Inc.
1700 Broadway
New York, New York 10019

Re: License Information on
Beatles' Selections

Dear Joel:

Attached is the publisher license information which you will need for each Beatles' selection in the Capitol/Apple catalog.

If you have any clerical questions regarding the forms, you may call Mrs. Barbara Bruno (Ext. 252) of our License Department. If you have any questions on principles involved, please call me.

Sincerely,

November 19, 1970

Mr. Joel Silver
ABKCO Industries, Inc.
1700 Broadway
New York, New York 10019

Dear Joel:

I am enclosing two checks which were forwarded to me to route to you. One is for the publishers reserve balance at August 31, 1969 and the other is for the non-Maclen portion of the mechanical license fees on free goods through June 30, 1970. This clears up items 1 and 2 of my memo to Jim Cavanaugh of November 12, a copy of which I sent to you attached to my letter of November 12. The balance of the items should be handled directly by someone in Cavanaugh's area with you automatically.

If you have any problems, let me know.

Best regards,

DATE November 9, 1970

EXHIBIT D
1 of 3 pages

TO _____
OFFICE _____ CI CRI CRDC ADI

FROM _____
OFFICE _____ CI CRI CRDC ADI

Capitol
MEMO

SUBJECT: SUPPLEMENTAL DATA BRIEF RE CONTRACT NO. 4971 WITH APPLE RECORDS, INC.
RE THE BEATLES

Immediately pay Apple mechanicals which have accrued with respect to USA sales (and not been paid) since September 1, 1969 (except on selections published by Maclen) and pay such mechanicals monthly hereafter on or before the last day of the month for the preceding month.

1. 24¢ per album (no more, no less) on all albums (including "Hey Jude") and 4¢ on singles released after September 1, 1969, and

2. Actual mechanicals on all albums and singles released before September 1, 1969.

3. Also pay to Apple all publisher reserves on Beatle records. Returns will be charged back to Apple as provided in the contract. Sums accruing hereafter to be so paid to Apple (plus mechanical fees to be paid to Maclen) are to be subtracted from sums otherwise payable to EMIR each month. Items 1 and 2 are to be paid to Apple each month. The Maclen portion will be paid to Maclen quarterly.

DATE November 12, 1970

TO _____
OFFICE _____ CI CRI CRDC ADI

FROM _____
OFFICE _____ CI CRI CRDC ADI

SUBJECT:

IMMEDIATE PAYMENT OF PUBLISHERS' MONIES NOW DUE APPLE RECORDS, INC. (N.Y.) FOR CAPITOL/APPLE BEATLE CONTRACT

Please pay the following items immediately to Apple Records, Inc. (N.Y.) [if you have not already done so] for mechanical license fees due on Beatle product:

(Your authority is the "Supplemental Data Brief Re Contract No. 4971 with Apple Records, Inc. Re the Beatles" dated November 9, 1970 from Mr. Tillinghast.)

1. Publisher Reserves Balance at 8/31/69 \$59,403.88

Deduct any portion due Maclen and pay balance immediately directly to Apple Records, Inc., N.Y. (Should any portion be payable to Maclen, withhold the Maclen portion until further notice.)

2. Mechanical License Fees on Free Goods Thru 6-30-70 \$17,501.10

Withhold the Maclen portion until further notice. Pay the balance to Apple Records, Inc. immediately. (You had better verify that the amount has been computed correctly -- 2¢ if the tune was written by anyone of the Beatles and 1¢ if the tune was written by a non-Beatle. This presents a problem with the Maclen portion which we will solve later.)

3. Publishers' Monies Due on Beatle Product Thru 9-30-70

Pay all publishers' monies (except Maclen) due for period ended September 30, 1970, and not yet paid to the publishers on behalf of Apple, to Apple Records, Inc. Mr. Friedman was requested yesterday to prepare Capitol checks payable to seven publishers (including Maclen) and forward to Apple Records, Inc. for attaching statements and mailing to publishers, which presumably he has done. The unpaid balances must be sent immediately so that Apple may pay the remaining publishers directly on time.

The above instruction applies to publishers' license fees on freebies as well as sold.

SIGNED:



DATE November 12, 1970

TO _____
OFFICE _____ CI CRI CRDC ADI

FROM _____
OFFICE _____ CI CRI CRDC ADI

SUBJECT: IMMEDIATE PAYMENT OF PUBLISHERS' MONIES NOW DUE APPLE RECORDS, INC.
(N.Y.) FOR CAPITOL/APPLE BEATLE CONTRACT Page 2

The above payments should completely clear the mechanical license liability from Capitol's books (except for freebie payments to Maclen) for sales through September 30, 1970.

Beginning with sales for October 1970, all publishers' liability accruals for both sold and free goods (with the exception of Maclen) must be paid monthly to Apple Records, Inc., N.Y. The monies must be paid not later than the last working day of the month. (Hence, the payments for license fees on October sales must be sent to Apple not later than Monday, November 30.) Apple will then draw their own checks, prepare statements and forward to the publishers when due.

As for Maclen, until further notice, Capitol will continue to accrue monthly, prepare a Capitol check quarterly payable to Maclen when requested by Apple, and forward the check to Apple for delivery to Maclen with the statement which Apple will have prepared. This must be done in time for Apple to pay Maclen on time (within 45 days after end of period).

If you have any questions, please advise.

May 7, 1976

Mr. Lawrence Boger
Mahoney, Cohen & Company
330 Madison Avenue
New York, New York 10017

Dear Larry,

This will confirm our recent telephone conversation in regard to the transfer of the accounting for mechanical license fees on Beatle product.

1. You will prepare the publishers' statements for Apple Records, Inc. (N.Y.) for the first quarter of 1976 and request checks from Capitol in the same manner as you have been doing. We will send you the checks and you will mail to the publishers (or their agents) with the applicable statements.
2. You will then forward to us copies of the reserve units you have withheld as of March 31, 1976.
3. It will also be helpful to us if you will send copies of all publishers' statements which you have prepared since you began preparing the statements.
4. We will then compute the mechanical license fees due the publishers from April 1 on and prepare the future quarterly statements which we will pay directly to the publishers (and/or their agents).

Mr. Lawrence Boger . . . Page 2 . . . May 7, 1976

5. As our March 31, 1976 accounting statements to Apple indicate, we are holding as of 3/31/76 the following publishing funds:

Maclen	\$444,343.90
Other	<u>425,018.04</u>
Total	<u>\$869,361.94</u>

From this we will deduct the following:

- a. The checks you request to pay your first quarter 1976 mechanical licenses (since the accrual for January through March is in these figures), and
- b. A dollar amount to be arrived at by extending your reserve units at 3/31/76. (since Capitol will have the responsibility of picking up these units in its future accountings).

The balance represents monies which Apple instructed us to withhold from the spread as due the publishers on net sales but was not paid by Apple to publishers for some reason(s). (It may have resulted from publishers' reserves which ABKCO set up and you have not been able to determine.) We will have to hold this in the Apple Publishers' Fund account until some future audit determines to whom it should be paid. We will, of course, continue to account to Apple for these funds with the regular Apple accounting statements.

In closing, it should be noted that the change in the

Mr. Lawrence Boger . . . Page 3 . . . May 7, 1976

accounting for publishing from Apple to Capitol does
not affect the amount of net royalty due Apple.

If you have any questions, please call.

DATE November 13, 1969

TO OFFICE _____
 CI CRI CRDC TRC ADI

FROM OFFICE _____
 CI CRI CRDC ADI



MEMO

SUBJECT: APPLE RECORDS, INC. PUBLISHING STATEMENT FOR MONTH OF SEPTEMBER FOR MACLEN

This will confirm the conference telephone conversation between your office and Mr. Chaum, Mr. Tillinghast, and myself from his office on November 12.

Please prepare an Apple Records, Inc. publisher statement covering the month of September for Maclen. Take one of the Apple Records, Inc. California statements and doctor it up with the New York address for Apple Records, Inc. which would be the same as ABKCO Industries, Inc. The statement must be completed and a Capitol Records, Inc. check drawn for the amount of the Maclen statement. The CRI check will be payable to Maclen and state on the remittance advice "payment on behalf of Apple Records, Inc. per statement attached." The check and statement must be mailed to ABKCO Industries, Inc., 1700 Broadway, New York, New York 10019, attention Joel Silver so that Mr. Silver will receive it in New York on Monday, Nov. 17 at the latest. He will hand deliver it to Maclen (a block down the street from his office).

While it would, of course, be desirable to cover all the Beatle's selections for which Maclen has the license, you may use estimates and hold a reserve if it is necessary to do so in order to get it out on time. The above applies only to Maclen. You will have to prepare the statements for all other publishers on Beatle product for the month of September on behalf of Apple Records, Inc. but you may be late with the other publishers.

If you have any questions, please call.



MEMO

DATE November 13, 1969

TO _____
OFFICE CRI CRDC CDM TRC ADI

FROM _____
OFFICE CRI CRDC CDM ADI

SUBJECT: BEATLE PUBLISHING STATEMENT

Vaughn has, as of 3:45 P.M. today, instructed us to manually prepare the publisher royalty statement for the month of September applicable to Maclen Publishing Company by Friday, November 14. Secondly, we are to reproduce this statement on to Apple Record statement format using the new New York address -- not the California address shown on the present Apple Record statement. Thirdly, we are to prepare a C.R.I. check payable to Maclen Publishing Company with language annotated on the statement to the effect that C.R.I. is paying on behalf of Apple Records.

This check together with the statement must be mailed to ABKO attention of Joel Silverman in New York. He will hand deliver the check and statement to Maclen Publishing Company.

Vaughn states that should we be unable to prepare an actual statement we should make the best estimate that we can; but it's of paramount importance that we do in fact generate a statement and check as discussed above.

If you have any questions or any difficulties in fulfilling this request, please let me know immediately.

NOV 13 1969

SIGNED: _____



DATE November 20, 1969

EXHIBIT F
3 of 4 pages

TO OFFICE CI CRI CRDC CDM TRC ADI

FROM OFFICE CI CRI CRDC CDM ADI

INDUSTRIES

MEMO

SUBJECT: APPLE - BEATLES

1. CRI sent a check for \$307,000.00 plus to Apple Records Inc. (c/o Klein) on November 14, 1969. The check was payable to Maclen Music and was to cover September mechanical fees for Beatles records. Joel Silver had promised in a conversation with Messrs. Chaum, Burdick and myself that he would have the check walked over to Maclen on Monday, November 17.

2. Casper called Wednesday, November 19, not having received the check and having been told by Silver that Silver had not received the check. Silver later admitted to Casper that he had the check and stated he wanted to hold the check for two weeks "to check CRI's figures". When Casper protested, Silver promised Casper the check today.

3. I called Casper this morning and he said he had the check from Silver.

4. Casper had stated:

- a. Northern Song's Board meets Friday. He hoped he could tell them he had the money.
- b. Maclen had wanted CRI's guarantee because it does not view Apple as a responsible party.
- c. Casper said regardless of whether Maclen receives the check from Apple, Maclen may refuse to issue licenses (no licenses have been issued for "Abbey Road") and force Apple to go the statutory route. If Maclen is not then paid every thirty days, it will sue Capitol and Apple for infringement.

Do you want to withhold from Apple's moneys enough to cover license fees so that we can assure that Maclen will be paid?



MEMO

DATE November 24, 1969
TO _____
OFFICE _____
 CI CRI CRDC CDM TRC
FROM _____
OFFICE _____
 CI CRI CRDC CDM

SUBJECT: MACLEN PAYMENTS

1. I don't think CRI should withhold payment to Apple of the Maclen publishing payments (as Tillinghast suggests).

2. I assume that by February 15, 1970 (the next publisher payment date) the CRI/Apple contract will have been fully executed. The problem is then Apple's problem and I think we should cooperate with Apple, and hopefully, Apple will work it out with Maclen or directly with Northern Songs (Maclen's UK parent).

3. To unilaterally withhold the publisher payments from Apple will, in my opinion, alienate Klein to the point that it could severely interrupt the flow of Beatle product.

4. I believe we are adequately protected, from a dollar standpoint, by offsetting any publisher payments we are forced to make (even infringement payments as a result of a lawsuit) against the "royalty" payments due Apple.

5. If Klein is unable to resolve the problem by February 15, we can then reconsider our course of action.

February 16, 1970

REGISTERED MAIL -
RETURN RECEIPT REQUESTED

Robert Casper, Esquire
1780 Broadway, Suite 1200
New York, New York 10019

Dear Bob:

Pursuant to our conversations, I enclose (i) Capitol's check in the amount of \$1,063,415.65 and (ii) Apple Records, Inc. statements directed to Maclen Music, Inc. for the quarter ended December 31, 1969.

Capitol's payment covers Apple mechanicals through December 31, 1969, and as to those compositions not previously licensed, the payment is premised upon Maclen's issuance of licenses to Capitol Records, Inc., which licenses cover the period through December 31, 1969.

Sincerely,

February 16, 1970

Mr. Joel Silver
ABKCO Industries, Inc.
1700 Broadway
New York, New York 10019

Dear Joel:

Enclosed is a copy of the publisher accountings for the period ended December 31, 1969 for Apple Records. Capitol's direct payment of \$1,063,415.65 to Maclen is pursuant to our agreement that Capitol would license the compositions directly from Maclen for this quarterly accounting period only.

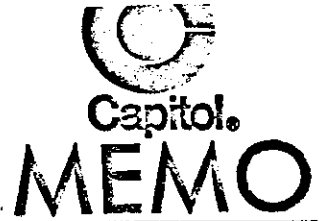
If you have any questions, please let me know.

Sincerely,

DATE February 3, 1970

TO OFFICE CI CRI CRDC ADI

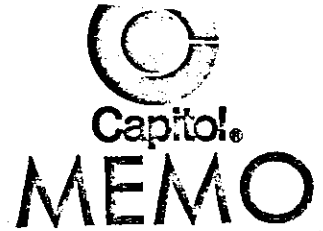
FROM OFFICE CI CRI CRDC ADI



SUBJECT: MACLEN MECHANICALS

1. Burdick tells me that CRI is unable to determine the mechanical license fees payable to Maclen on Beatle recordings for the quarters ended December 31, 1969 forward.

2. Because Maclen has refused to license Apple directly, it is absolutely necessary that CRI be able to determine the license fees due on the Beatle recordings. It now appears that CRI may be required to pay Maclen license fees directly.



February 6, 1970

TO OFFICE CI CRI CRDC TRC ADI

FROM OFFICE CI CRI CRDC ADI

SUBJECT: **MACLEN MECHANICALS**

As requested, we started the manual compilations and calculations necessary to produce the MacLen publisher statement for Beatle recordings for the December quarter, Wednesday morning. We have finished the pencil draft and shall start typing the fifty or so pages tomorrow (Saturday).

If it is found necessary or desirable for CRI to make this payment, we shall be prepared. We should have the finished typed statement ready no later than Wednesday noon (11th). The payable amount is approximately \$1,046,000. We have forewarned Dick Loan (cash planning) of this potential disbursement.

We shall await instructions from Skip Chaux regarding disposition of this matter.

February 27, 1970

Harris Songs, Inc.
c/o ABKCO Industries, Inc.
1700 Broadway
New York, New York 10019

Gentlemen:

Per telephone instructions from Mr. Joel Silver, we are enclosing two Capitol Records, Inc. checks, one in the amount of \$225,481.18 and the other in the amount of \$11,056.11 for payment of mechanical licenses on behalf of Apple Records, Inc. The first check covers the period September 1, 1969 through December 31, 1969 and the second check the period ending August 31, 1969 for a selection on which a license had not been received for that period.

Very truly yours,

February 27, 1970

Starling Music, Inc.
c/o ABKCO Industries, Inc.
1700 Broadway
New York, New York 10019

Gentlemen:

Per telephone instructions from Mr. Joel Silver,
we are enclosing a Capitol Records, Inc. check
in the amount of \$86,134.14 covering mechanical
licenses for the period September 1, 1969
through December 31, 1969 on behalf of Apple
Records, Inc.

Very truly yours,



INDUSTRIES, INC.

1700 BROADWAY, NEW YORK, N.Y. 10019; TEL. (212) 582-5533

March 2, 1970

Mr. Vaughn
Capitol Industries, Inc.
1750 N. Vine Street
Hollywood, Calif. 90028

Dear Vaughn:

As I mentioned to you over the phone, this letter will act as your authorization to draw checks on behalf of Apple Records Inc., made payable to Harrisongs Music Inc. in the amount of \$225,481.18 and to Startling Music Inc. in the amount of \$86,134.14 covering mechanical royalties for the four months ended December 31, 1969.

Ken Salinsky has been advised by Reese Clough that an additional sum was due to Harrisongs Music Inc. for the period ended August 31, 1969 for the tune "Old Brown Shoe", as a result of the units for the aforementioned tune being listed in a "no pay position." I am advised that this sum approximates \$12,000.00.

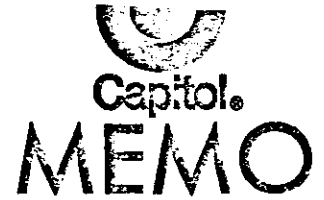
Would you kindly see that the above mentioned checks are drawn and mailed to me today. Thank You.

Sincerely,
ABRCO INDUSTRIES, INC.


Joel Silver

JS/mp

MAR 6 1970

DATE April 2, 1970TO OFFICE _____ CI CRI CRDC ADI FROM OFFICE _____ CI CRI CRDC ADI SUBJECT: PUBLISHER CHECKS ON BEHALF OF APPLE

This is in confirmation of our telephone conversation of this afternoon.

Please draw five Capitol Record checks (CRI or CRDC, as Accounting prefers) in the amount and to the publishers listed below. The stub of the check should say "Payment on behalf of Apple Records, Inc. for Mechanical Licenses for the four month period ending December 31."

Brent Music Corp	\$ 519.31
Dick James Music	\$ 3,515.06
Comet Music Corp	\$21,226.56
Harry Fox Agency	\$ 972.80
Jaep Music Ltd	\$ 916.96

I trust you will verify the correct spelling of the publishers' names from your records.

The checks should be mailed to Joel Silver this afternoon, if possible, however, not later than tomorrow morning. Please confirm when this has been done.

abkco

INDUSTRIES, INC.

1700 BROADWAY, NEW YORK, N.Y. 10019/TEL. (212) 582-5533

May 11, 1970

Capitol Records, Inc.
1750 North Vine Street
Hollywood, California 90028

Dear Vaughan:

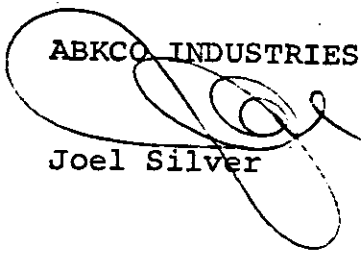
This letter will confirm our phone conversation of last Friday at which time I had requested from Jim Cavanaugh and yourself to draw various checks in payment of Apple Records Inc. publisher royalties for the period ending March 31, 1970. They are as follows:

Maclen Music Inc.	\$924,309.40
— Harry Fox Agency	20,080.56
Comet Music Corp.	15,704.12
Dick James Music	2,917.42
Jaep Music Inc.	661.50
— Brent Music Corp.	446.91
— Harrisongs Music Inc.	106,125.70
— Startling Music Inc.	13,622.24

These checks should be forwarded to me and treated as an advance against monies due Apple Records Inc. (N.Y.).

Sincerely,

ABKCO INDUSTRIES, INC.



Joel Silver

JS:fda

MAY 13 1970



INDUSTRIES, INC.

1700 BROADWAY, NEW YORK, N.Y. 10019/TEL. (212) 582-5533

August 10, 1970

Vaughn
Capitol Industries Inc.
1750 North Vine
Hollywood, California 90028

Dear Vaughn:

This letter will confirm our phone conversation at which time I requested that you deliver the following checks to me:

The Harry Fox Agency	\$77,027.70
Anne Rachel Music Inc.	1,339.41
Armo Music Inc.	280.05
Brent Music Inc.	318.64
Comet Music Inc.	8,708.80
Dick James Music Inc.	2,093.72
Harrisongs Music Inc.	20,564.10
Jaep Music	444.89
Maclen Music Inc.	571,205.09
Startling Music Inc.	2,777.88

The above mentioned checks cover publisher royalties for the three month period ended June 30, 1970 and should be charged to Apple Records Inc. (New York).

Sincerely,

ABKCO INDUSTRIES, INC.



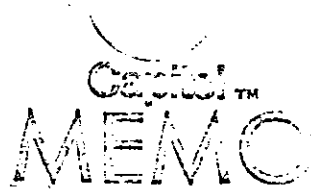
Joel Silver

JS/ps

DATE August 11th, 1970

TO: OFFICE CI CR: CRDC AD:

FROM: OFFICE CI CR: CRDC AD:



SUBJECT: DISBURSEMENT REQUESTS FOR APPLE RECORDS, INC. PUBLISHERS

Attached are signed DRs for payment of the June 30th quarter on behalf of Apple Records, Inc. on Beatle product. Please expedite.

Harry Fox Agency	\$ 77,027.70
Ann Rachael	1,339.41
Armo Music, Inc.	280.05
Brent Music, Inc.	318.64
Comet Music, Inc.	8,708.80
Dick James	2,093.72
Harris Music, Inc.	20,564.10
Jaep Music	444.89
Startling Music, Inc.	2,777.88



INDUSTRIES, INC.

1700 BROADWAY, NEW YORK, N.Y. 10019/TEL. (212) 582-5533

November 11, 1970

Capitol Industries, Inc.
1750 North Vine Street
Hollywood, California 90028

Dear Vaughn:


Would you kindly see that the following checks are drawn and forwarded to me covering publishing royalties on Beatle product for the three month period ended September 30, 1970:

1. Maclen Music Inc.	\$ 69,719.08
2. The Harry Fox Agency	24,502.84
3. Brent Music Corp.	193.26
4. Comet Music Corp.	5,619.16
5. Dick James Music	1,447.07
6. Jaep Music Inc.	281.95
7. Startling Music Inc.	10,688.32

The above mentioned checks are made on behalf of Apple Records Inc.

Sincerely,

ABKCO INDUSTRIES, INC.


Joel Silver

JS/ps

NOV 18 1970



MEMO

DATE November 11, 1970

TO _____

OFFICE _____ CI CRI CRDC TRC ADI

FROM _____

OFFICE _____ CI CRI CRDC ADI

SUBJECT: DISBURSEMENT REQUESTS FOR APPLE RECORDS, INC. PUBLISHERS

Attached are signed DRs for payment of the September 30 quarter on behalf of Apple Records, Inc. on Beatle product. Please mail checks via air freight to Mr. Joel Silver today.

Harry Fox Agency	\$24,502.84	
Brent Music, Inc.	193.26	
Comet Music, Inc.	5,619.16	8678
Dick James	1,447.07	
Jaep Music	281.95	
Startling Music, Inc.	10,688.32	
Maclen Music	69,719.08	8681

PVB:il

Attachments

- cc: Mr. J. Cavanaugh
- Mr. E. Chaum
- Mr. J. Isaacson
- Mr. Joel Silver

NOTE: The above figures were given to me by Mr. Silver for Apple Records, Inc. over the phone this morning. He will send confirmation letter.
 (Do not wait for confirmation letter - air freight checks today sure.)



Capitol

MEMO

DATE November 12, 1970

TO _____
OFFICE _____ CI CRI CRDC ADI

FROM _____
OFFICE _____ CI CRI CRDC ADI

SUBJECT: CLARIFICATION OF PAYMENT OF MONIES DUE APPLE RECORDS, INC. (N.Y.)
FOR CAPITOL/APPLE BEATLE CONTRACT

Due to the inherent complexity of the Apple/Beatle contract, to the delays in getting necessary approvals, and to the subsequent changes in where and when the money goes, I thought an up-to-date recap might be helpful to you. Since some of the factors differ as between U.S. and Canada and Mexico, I will discuss these separately.

I. As to the U.S.

A. Nature of Contract

1. The contract takes the form of a "buy and sell" agreement. Capitol presses the records for Apple at a contract price. Apple is the manufacturer. Apple sells to Capitol for distribution at a contract price. Capitol is then the distributor.
2. The difference between the two prices is often referred to as the "spread."

B. The "Spread"

1. Since Apple is the manufacturer it is responsible for all publisher license fees, artist and producer royalties, and musician trust fees. Apple must pay the cost of these from this "spread."
2. The "spread" was constructed to include the following:
 - (a) An Effective Artist & Producer Royalty
 - (1) As to artist and producer royalty, an effective royalty rate was determined. The rate varies by product classification, [1) disc albums, 2) tape albums, and 3) singles] and for disc albums (only), as to "old" or "new" masters.

SIGNED:

DATE November 12, 1970

TO _____

OFFICE _____

CI CRI CRDC ADI

FROM _____

OFFICE _____

CI CRI CRDC ADI

Capitol™
MEMO

SUBJECT:

CLARIFICATION OF PAYMENT OF MONIES DUE APPLE RECORDS, INC. (N.Y.)
FOR CAPITOL/APPLE BEATLE CONTRACT

Page 2

"Old" masters are masters which have been released in any form prior to 9/1/69 and "new" masters are masters that have never been released in any form prior to 9/1/69. (Hence, the "Hey Jude" album which was released after 9/1/69 and contained masters previously released as singles or in other albums prior to 9/1/69 bears the "old" master rate in its disc album version. One Exception - The Hollywood Bowl Concert, if ever released, will be "old" masters even though never released prior to 9/1/69.)

- (2) No royalty is due on freebies when the freebies do not exceed the 1 for 10 ratio. If they do exceed this ratio, the full effective royalty is due and should be included in the "spread."

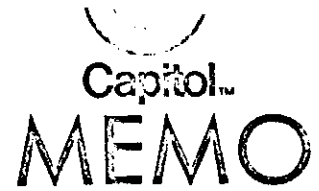
(b) Mechanical Licenses

- (1) As to mechanical licenses, the contract provides that the spread shall include the actual mechanical license on all product released prior to 9/1/69, and a fixed 4¢ on singles and 24¢ per disc on 12" albums and 24¢ per 12" discs equivalents included in tape albums for all product released after 9/1/69.

(Note the word "released." This must not be confused with "old"masters and "new"masters which determines the royalty rate as explained in (a)(1), above. The album "Hey Jude" was released after 9/1/69 but contained masters previously released prior to 9/1/69. It therefore has the lower "old" master royalty rate, but the fixed 24¢ license fee built into the "spread.")

SIGNED:

DATE November 12, 1970
TO _____
OFFICE _____ CI CRI CRDC ADI
FROM _____
OFFICE _____ CI CRI CRDC ADI



SUBJECT: CLARIFICATION OF PAYMENT OF MONIES DUE APPLE RECORDS, INC. (N.Y.)
FOR CAPITOL/APPLE BEATLE CONTRACT Page 3

(2) License fees are due on all freebies. The agreement provides that the mechanical license fee will be 2¢ on all tunes written by one or more of the Beatles and 1¢ if the tune is written by a non-Beatle. This amount must be included in the "spread."

(c) Musicians Trust Fees

It was presumed that there would be no musician trust fees. If there are, these would be paid by Apple out of the "spread." No extra factor has therefore been included in the spread for trust fees.

C. The Price List

Because of the above explanation in regard to license fees, the price list accompanying the contract is by selection number on all product released prior to 9/1/69 and for any exceptions such as "Hey Jude" released after 9/1/69. Otherwise, the spread is shown by prefix only. It is therefore absolutely imperative that each new release disc album after 9/1/69 be reviewed for "new" or "old" masters and the correct spread established on the findings. (It is not necessary to determine this for singles and tape albums since the royalty rate is the same for "new" and "old" masters on singles and tape albums.)

D. Payment of the Spread

1. It was originally contemplated that the entire spread was to be paid monthly to Apple Records, Inc. in New York. However, pending the working out of some agreements, you were instructed to hold up making payments until informed to do so by Business Affairs and/or the Legal Department.
2. In the interim you were instructed by Apple to pay mechanical licenses directly to the publishers on behalf of Apple Records, Inc. as they became due.

SIGNED _____

DATE November 12, 1970

TO _____
 CI CRI CRDC ADI

FROM _____
 CI CRI CRDC ADI

Capitol
MEMO

SUBJECT: CLARIFICATION OF PAYMENT OF MONIES DUE APPLE RECORDS, INC. (N.Y.)
FOR CAPITOL/APPLE BEATLE CONTRACT Page 4

Capitol checks were made out to the publishers but forwarded to Apple for delivery with the statements.

3. You have subsequently been instructed to pay to EMI for Apple Records, Inc. the entire spread monthly, less any publisher licenses you have paid to the publishers or accrued (if not due to the publisher until the end of the quarter or withheld for some other reason).

What this really means is that you pay to EMI for payment to Apple the royalty portion of the spread, which is a fixed percentage by product classification (disc album, tape album or single) plus (or minus) any publisher license fees in excess (or deficiency) of 24¢ per 12" disc (or equivalents on tape) and 4¢ on singles released after 9/1/69. (If the publishing fee is less than these amounts, Apple gets a larger royalty and if more, a smaller royalty.)

4. Agreement has now been reached to pay all mechanical licenses except those due Maclen to Apple Records, Inc. on a monthly basis. Apple will then pay these publishers when due. Until further notice, you will continue to withhold all mechanical licenses due Maclen and pay quarterly as due by means of a Capitol check made payable to Maclen but forwarded to Apple Records, Inc. for delivery to Maclen.

II. As to Canada and Mexico

The same principles as outlined above for the U.S. apply to Canada and Mexico with the following modifications:

1. The publishers fees are paid directly by Canada and Mexico to the publisher -- never to Apple.
2. The royalty (expressed as a percentage) is payable quarterly to EMI (rather than monthly) for Apple.

SIGNED:

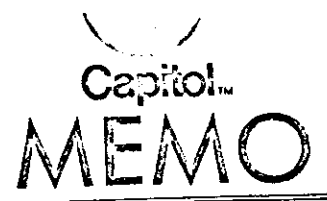
DATE November 12, 1970

TO _____ CI CRI CRDC ADI

OFFICE _____

FROM _____ CI CRI CRDC ADI

OFFICE _____



SUBJECT: CLARIFICATION OF PAYMENT OF MONIES DUE APPLE RECORDS, INC. (N.Y.)
FOR CAPITOL/APPLE BEATLE CONTRACT Page 5

3. Since the percentage royalty does not take into account the fixed license rates, it is necessary for all selections released after 9/1/69 to subtract from the royalty payments any excess license fees over the standard amount or add to the royalty payment any license fees less than the standard amount as explained in I.B.2.(b), above.

If you have any questions, please advise.

August
3rd
1 9 7 3

Allen H. Arrow, Esquire
Orenstein Arrow Silverman & Parcher
1370 Avenue of the Americas
New York, New York 10019

Dear Allen:

I enclose Capitol's check No. 11403 in the sum of \$750,000.00 which, with interest, is approximately the sum due Maclen Music, Inc. for quarters ending December 31, 1972 and March 31, 1973.

Capitol has not, through its computer, been keeping track of Maclen publishing on Beatle recordings because this was Apple's responsibility and it will take considerable work to put the statements together. Nonetheless I will have them in the near future.

I have told our Royalty and License department to begin programming these royalties in the computer notwithstanding the fact that we do not know whether Apple will wish us to undertake this responsibility.

While I understand your position and that of your client, I know you also understand that Capitol was in the middle as far as this one is concerned.

This check is delivered with the understanding that Peter Parcher's letter of July 26th revoking the licenses is itself revoked ab initio. Please confirm this.

Best wishes.

Sincerely yours,

August 29, 1973

Allen H. Arrow, Esquire
 Orenstein, Arrow, Silverman & Parcher
 1370 Avenue of the Americas
 New York, New York 10019

Dear Mr. Arrow:

I am enclosing a copy of the Maclen statements prepared by Capitol on behalf of Apple Records, Inc. for the quarters ended December 31, 1972; March 31, 1973; and June 30, 1973.

Mr. Tillinghast sent you an advance check for \$750,000.00 with his letter of August 3rd, 1973. A check for the balance in the amount of \$549,542.80 is being mailed today to The Harry Fox Agency. I am enclosing a xerox copy of the check and cover letter.

The balance was computed as follows:

Statement for qtr. ended 12-31-72, due 2-15-73	\$ 193,772.63
Statement for qtr. ended 3-31-73, due 5-15-73	530,439.21
Sub-total	<u>\$ 724,211.84</u>
Interest through August 10, 1973	16,197.00
Sub-total	<u>\$ 740,408.84</u>
Statement for qtr. ended 6-30-73	559,133.96
Total	<u>\$1,299,542.80</u>
Less Advance	750,000.00
Balance Due	<u>\$ 549,542.80</u>

I am also enclosing a schedule of the interest computation.

Sincerely,

DATE September 18, 1973TO _____
OFFICE _____ CI CRI ADI FROM _____
OFFICE _____ CI CRI ADI

SUBJECT:

BELETED INSTRUCTIONS FOR COMPUTING PUBLISHERS STATEMENTS ON
BEHALF OF APPLE COMPANIES (U.S. ONLY)
Capitol.
A Capitol Industries Company**MEMO**

The following will confirm in writing numerous verbal conversations on the above subject, including instructions which have been changed by the benefit of hindsight.

It appears from review of the statements prepared by Apple and furnished to us by the Fox Agency that Apple had prepared and paid most publishers through December 31, 1972. The exceptions that we know about are Maclen and Comet.

Due to the pressure brought by the Fox Agency (through their right to look to the distributor for payment if the manufacturer does not do so) it was decided that Capitol should prepare the missing statements and pay certain of them.

The source documents to be used were rates shown on the statements previously prepared by Apple (and sent to Capitol by Fox) and updated by information from label copy.

As of this date you have prepared manually and paid the following statements for Apple Records, Inc. (N.Y.) for Beatle product:

Maclen - October 1, 1972 through June 30, 1973
McCartney Music, Inc. - January 1, 1973 through June 30, 1973
ATV Music Corp - January 1, 1973 through June 30, 1973
Comet - October 1, 1972 through June 30, 1973 (Being paid 9/18/73)

In preparing the above statements, it appears the units that should have been used were the ones previously submitted to Apple on a monthly basis by General Accounting (although, of course, reserves could be set up against these figures). I understand a reconciliation is being prepared which we will have to send Apple.

You will note from the attached letter to Mr. Boger that we are trying to get Apple's acknowledgment that they will run the rest of the statements.

Meanwhile, I understand you are feeding information into our data processing system in case worse comes to worst and we have to prepare additional statements.

Please do not pay any further statements for Apple without first checking with Mr. Tillinghast and myself. Also please let us know immediately if Mr. Hawe hears from any other distraught publishers which he cannot soothe.

September 18, 1973

Mr. Lawrence Boger
Mahoney, Cohen & Company
437 Madison Avenue
New York, New York 10022

Dear Larry,

Attached are your copies of the following publishers statements which we prepared and paid on behalf of Apple Records, Inc. (N.Y.):

<u>Publishers</u>	<u>Period</u>	<u>Amount</u>
Maclen Music	10/1/72 to 12/31/72	\$ 193,772.63
	1/1/73 to 3/31/73	530,439.21
	4/1/73 to 6/30/73	<u>559,133.96</u>
	Sub-Total	\$1,283,345.80
	Adj. per 9/18 Ltr.	<u>(15,578.02)</u>
	Net to Maclen	\$1,267,767.78
ATV Music Corp	1/1/73 to 6/30/73	32,929.96
McCartney Music, Inc.	1/1/73 to 6/30/73	116,404.53
Comet Music Corp	10/1/72 to 12/31/72	
		\$9,262.36
	1/31/73 to 3/31/73	8,815.04
	4/1/73 to 6/30/73	<u>2,446.96</u>
	Total Comet	20,524.36
Total Paid on Behalf of Apple (N.Y.)		<u>\$1,437,626.53</u>

As I have told you before we do not have any of the Apple publishing information on the computer, and it was necessary to prepare these statements manually. We got the rates from copies of previous statements which Apple had prepared in New York, copies of which were given to us by the Fox Agency.

Mr. Lawrence Boger . . . Page 2 . . . September 18, 1973

We held no reserves on the Maclen Music but did hold reserves on the balance. We will send you a reconciliation worksheet so that you can tie in the units used with those on the regular monthly accounting statements which you have.

Obviously, it was a very tedious job to prepare these manually. It would have been much better if these had been prepared at the data processing service in New York which Apple had been using since they had all the necessary information (except, of course, the units which you could supply them).

You and I have had several telephone conversations about the subject and it is my understanding that you will do the following in regard to publishers statements.

It appears that Apple had completed and paid the publisher statements through 12/31/72 with the exception of Maclen and Comet for the 4th quarter 1972. You will take the units which we have furnished you on a monthly basis since 1/1/73 and furnish quarterly unit sales figures to your data processing center for the 1st and 2nd quarters of 1973, holding such reserves from the actual sales figures as your lawyers advise.

You will also have to give the rates and publishing information to the data processing center on the items released since 1/1/73, which I previously sent you.

I suggest you then have the statements run. In the case of Maclen and Comet you will have to have the statements run for the 4th quarter 1972 also. I surmise Apple never ran this for some reason.

We can then compare the statements which we have run for the four publishers with those you have run and decide what to do with any difference.

Mr. Lawrence Boger . . . Page 3 . . . September 18, 1973

I cannot stress too strongly the urgency of this matter for an additional set of statements (for the 3rd quarter) will be due November 15th.

As I stated before, please let me know if my understanding is not correct. At this point we are not planning on preparing any further statements for Apple.

Sincerely,

November 15, 1973

Mr. Lawrence Boger
Mahoney, Cohen & Company
437 Madison Avenue
New York, New York 10022

Dear Larry,

BALANCE OF PUBLISHERS PAYMENTS ON
BEHALF OF APPLE RECORDS, INC. (New
York) FOR PERIOD ENDED JUNE 30, 1973

Beatle Product (Apple Records, Inc., N.Y.)

I am enclosing the balance of the publishers statements which we have computed and paid as of today on behalf of Apple Records, Inc. (New York).

These are the independent publishers. We had previously paid those who were handled by the Fox Agency.

This means we have prepared the statements and paid all publishers for Beatle product (Apple, N.Y.) through June 30, 1973. I have therefore revised the schedule which was attached to my November 7, 1973 letter to include these items.

This will confirm our understanding that you will prepare the statements for all Beatle product (Apple Records, Inc., N.Y.) for the quarter ending 9/30/73.

A schedule of the reserves we have set up as of 6/30/73 will be sent to you in the next few days.

Mr. Lawrence Boger . . . Page 2 . . . November 15, 1973

Non-Beatle Product (Including Bangla Desh) (Apple
Records, Inc., Calif.)

As a reminder, the only statements and payments which we have prepared and made for Apple Records, Inc. are for Apple Records, Inc., N.Y. (Beatle product). We have prepared no statements and made no payments on behalf of Apple Records, Inc., Calif. (non-Beatle product, including Bangla Desh).

Best regards,



Capitol
A Capitol Industries Company

MEMO

DATE November 14 1973
TO _____ CI CRI ADI
OFFICE _____
FROM _____ CI CRI ADI
OFFICE _____

SUBJECT: PAYMENT OF BALANCE OF APPLE/BEATLE PUBLISHERS THROUGH JUNE 30, 1973

Mr. Tillinghast informed me that Capitol will pay the remaining publishers on Apple/Beatle product through June 30. Please do so as soon as possible. I believe you have finished the statements and it is merely a matter of issuing disbursement requests. I will, of course, need copies to send to Apple. May I also remind you that you must prepare copies of your work sheets showing the reserve computation so that I can send this to Apple also. Apple will pay the publishing for the quarter ended September 30 but they will need the reserve information first. Therefore, it is urgent that you get it to me to forward to them almost immediately.

Mr. Tillinghast instructed us not to pay the publishing on the non-Beatle Apple including Bangla Desh.

If you have any questions, please call.



November 20, 1973

Mr. Lawrence Boger
Mahoney, Cohen & Company
437 Madison Avenue
New York, New York 10022

Dear Larry:

PUBLISHERS RESERVES

Per my letter of November 15, 1973 I am enclosing the publisher reserves which we withheld for Apple (N.Y.) in preparing the publisher royalty statements as of June 30, 1973.

You will note most of them were prepared on the computer and are on computer runs. However, three were prepared manually (ATV, McCartney and Comet). No reserves were set up for Maclen.

If you have any questions regarding the statements, please call. You may, if you like, speak directly to Mrs. Lu Ike in our Royalty Department. (Her phone number is the same as mine, 213-462-6252.)

Sincerely,

MAHONEY, COHEN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

330 MADISON AVENUE
NEW YORK, NEW YORK 10017
(212) 490-8000

August 5, 1976

Capitol Records, Inc.
1750 North Vine Street
Hollywood, California 90028

Dear

In order not to delay Capitol's preparation of the publishers royalty statements for the June 30th quarter, I am enclosing a schedule of the reserves we had set up as of March 31, 1976. Included is a list of publisher rate differences which you may require for your preparation.

We are completing a detailed list of publishers negative balances, and other over payments which should be recouped where possible, also certain publishers royalties are being held as per instructions from the attorneys; therefore, I suggest that you withhold all payments until we can clear up the questionable items.

Sincerely,

Lawrence W. Boger

Lawrence W. Boger

LWB/sp
enc.

AUG 3 1976

January 4, 1974

Mr. Andy Crystal
Mahoney, Cohen & Company
437 Madison Avenue
New York, New York 10022

Dear Andy,

Attached are the publishers checks for the 3rd quarter 1973 in the amounts which you requested for Apple Records, Inc. (New York) together with the list you gave me over the phone this morning.

Best regards,

DATE January 4, 1973
 TO _____
 OFFICE _____ CI CRI ADI
 FROM _____
 OFFICE _____ CI CRI ADI
 SUBJECT: CHECKS FOR BEATLE PUBLISHING - 3RD QUARTER 1973



Capitol
A Capitol Industries Company

MEMO

Attached is the amount due for publishing on Beatle product for the 3rd quarter 1973 as computed by Apple's bookkeepers Mahoney, Cohen and Company. Please draw the checks today and deliver them to me and I will forward them with a cover letter to the attention of Andy Crystal, Mahoney, Cohen & Co., airmail, today. He will attach the statements and forward to the publishers.

You will of course combine those publishers handled by the Fox Agency and draw one check to Fox showing the detail of the publishers on the check.

Be sure and type on the remittance advice on the check "Payment on behalf of Apple Records, Inc. for quarter ended September 30, 1973 per statement attached". (Crystal will of course attach the statement before he delivers the checks.)

Note - On the Maclen check, please show the following detail:

Total per statement	\$136,436.93
Less Advance	<u>75,000.00</u>
Balance Due	<u>\$ 61,436.93</u>

December 12, 1973

Mr. Lawrence Boger
Mahoney, Cohen & Company
437 Madison Avenue
New York, New York 10022

Dear Larry:

ADVANCE TO MACLEN FOR 3RD QUARTER 1973

Per your telephone request through Andy Crystal of your office today, we have sent the Harry Fox Agency a check for \$75,000 as an "advance against payment of publisher fees for quarter ending 9/30/73 for MacLen Music, Inc., on behalf of Apple Records, Inc." The check is being mailed direct to the Harry Fox Agency as requested.

Sincerely,

February 26, 1974

Mr. Lawrence Boger
Mahoney, Cohen & Company
437 Madison Avenue
New York, New York 10022

Dear Larry:

RE: MY LETTERS 2/21 & 2/22 ON PUBLISHERS CHECKS

This will confirm our several telephone conversations of today, Tuesday, February 26th.

1. Per your instructions, we cancelled the checks to publishers which I gave you in person on Friday, February 22nd. You will tear off the signatures and return the voided checks to me.

2. As you requested, we delivered a Capitol check this afternoon, payable to Apple Records, Inc. (N.Y.) for \$616,775.68 to Mr. Bruce Grakal. This represents a portion of the publishers monies which Capitol has been holding on behalf of Apple (N.Y.), for instructions from Apple as to where the money is to be sent.

Best regards, /