



MEMO

DATE May 12, 1981
TO _____
OFFICE _____ CI CRI CMP
FROM _____
OFFICE _____ CI CRI CMP

SUBJECT: RECORDING COSTS ON "SOMETIME IN NEW YORK CITY" ALBUM NO. 3392

The following material has been prepared at your direction.

The Beatles as a group always recorded at EMI with EMI picking up the recording costs. After Klein took over and the Beatles broke up as a group, the individual Beatles began to do some recording in the U.S. If Lennon, Starr or Harrison recorded in the U.S., Klein paid the recording costs and sought reimbursement directly from EMI. (If McCartney recorded in the U.S., Eastman paid the bills and sought reimbursement from EMI.)

Since Klein had made a claim that John Lennon could record for Apple, Calif. with the Plastic Ono Band, he did not seek reimbursement from EMI, but rather sat on these costs claiming these masters belonged to Apple, Calif.:

- #3379 - Plastic Ono Band
- #3392 - Sometime in New York City

When he agreed to settle with Capitol in the February 1973 proposed settlements, he included 100% of #3379 "Plastic Ono Band" and 70% of #3392 "Sometime in New York" recording costs as part of the settlement. He used 70% of the recording costs for #3392, "Sometime in New York" since there were seven solo tracks by John Lennon and three solo tracks by Yoko Ono in the album.

Mr. Tillinghast related to him (I believe verbally) that he would have to bill EMI for the recording costs. To my knowledge, this was never done, since Klein was terminated before the settlement was signed. I am attaching the following exhibits:

- Exhibit A - Klein letter of 2/13/73 (9 pages)
- B - Burdick memo of 2/21/73 (4 pages)

Apple

Exhibit A
1 of 9

February 13, 1973

Capitol Records
1750 North Vine Street
Hollywood, California 90028

Attention: _____

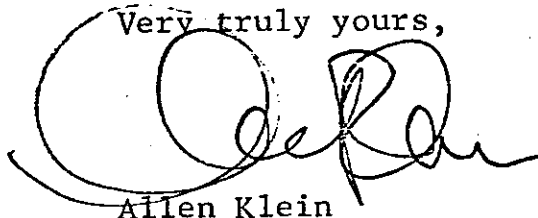
Re: Your letter of February 3, 1973

Dear _____

We disagree with you that there was any final agreement oral or otherwise reached on March 22 and 23, 1972 or anytime on the items discussed in your letter which is attached.

Notwithstanding the foregoing and subject to a resolution of the John Lennon Plastic Ono Band dispute and further subject to EMI's agreeing to pay and paying the session costs on the Plastic Ono Band product, I enclose for your information a clarification of your proposals on the money issues involved.

Very truly yours,



Allen Klein

AK:rg

Enc.

P.S. - If you remember, I offered to settle the John Lennon Plastic Ono Band situation if you would agree to start the increase royalty as of 9/1/71 instead of 9/1/72.

FEB 20 1973

APPLE RECORDS INC. (CALIFORNIA)
RECONCILIATION OF ACCOUNTS RECEIVABLE WITH
CAPITOL RECORDS

Amount Due Per Capitol Per letter of February 3, 1973		<u>132,458.56</u>
Amount Due Per Apple		312,354.03
Additional Advertising 12/31/72 (See Schedule I)	(7,140. ³⁶ 00) ✓	
Standard Deviation on Beatle Product (See Schedule II)	(6,263.88) ✓	
Parts to Capitol on Beatle Product (See Schedule III)	(4,191.29) ✓	
<hr/>		
Schedule of Session Costs (See Schedule IV)	(65,007.09) ✓	
Schedule of Unpaid Printing Invoices (See Schedule V)	(23,350.22) ✓	
Billy Preston Loan Out Agreement (Erroneous Unauthorized Unilateral Deductions on Capitol's claim for Billy Preston - See Attachment)	(5,765.84) ✓	
(Copyrights on Billy Preston (Erroneous Unauthorized Unilateral Deductions on Capitol's claim for Billy Preston copyrights - See Attachment)	(1,033.56) ✓	
Give Peace A Chance (Erroneous Unauthorized Unilateral Double Deduction on Give Peace A Chance included in 9/1/69 settlement - (See Attachment)	(37,980.14) ✓	
Unauthorized Reserve on SW3400 Xmas Album (See Attachment)	<u>(29,163.09)</u> ✓	
Balance Due Apple		<u>179,895.47</u> ^{H/2} / ₃₆
Reconciliation		<u>132,458.56</u>

SCHEDULE I

ADVERTISING REIMBURSEMENT

<u>RECORD #</u>	<u>TOTAL COST</u>	<u>ALLOCATION</u>	<u>AMOUNT TO BE REIMBURSED</u>
1827 Mother	6,030.02	50%	3,015.01
1830 Power To The People	4,837.00	50%	2,418.50
1840 Imagine	3,238.76	100%	3,238.76
1842 Happy Xmas	7,941.10	50%	3,970.55
1848 Woman Is The Nigger	5,783.44	50%	2,891.72
SW 3372 John Lennon/P.O.B.	11,947.71	100%	11,947.71
SW 3379 Imagine	6,288.44	100%	6,288.44
SVBB 3392 Sometime In N.Y.C.	<u>21,533.77</u>	70%	<u>15,073.64</u>
	<u>67,600.24</u>		48,844.33

Deduct:

Capitol Agreement Letter Dated February 3, 1973 41,703.97

Total Additional Due

Apple 7,140.36

SCHEDULE II

APPLE RECORDS INC. (CALIFORNIA)
SCHEDULE OF STANDARD DEVIATION ON BEATLE PRODUCT
ERRONEOUSLY CHARGED

		<u>AMOUNT</u>	<u>10%</u>	<u>TOTAL</u>
March 1972	Queens Envelope - 1847 Wings S/B Beatle Product	557.88	55.79	613.67
May 1972	Queens Envelope - 1848 Lennon and 1849 Ringo S/B Beatle Product	1,366.32	136.63	1,502.95
Oct. 1972	Queens Litho - SWBO 101	352.74	35.27	388.01
Oct. 1972	Queens Litho - SWBO 101	2,707.15	270.72	2,977.87
May 1972	Queens Litho - 1848 Lennon	710.35	71.03	<u>781.38</u>
Total Standard Deviation Erroneously Charged				<u><u>6,263.88</u></u>

SCHEDULE III

COST OF PARTS - JOHN LENNON

		<u>COST</u>	<u>ALLOCATION</u>	<u>NET COST</u>
1827	Bell Sound	483.30	50%	241.65
1830	Bell Sound	511.45	50%	255.73
1830	Bell Sound	454.62	50%	227.31
1840	Bell Sound	430.41	100%	430.41
1842	Bell Sound	414.67	50%	207.34
1848	Bell Sound	509.73	50%	254.87
3372	Bell Sound	1,243.32	100%	1,243.32
3379	Bell Sound	1,046.86	100%	1,046.86
3379	Bell Sound	211.57	100%	211.57
3392	Bell Sound	<u>103.19</u>	70%	<u>72.23</u>
		<u>5,409.12</u>		<u>4,191.29</u>

SCHEDULE IV

SCHEDULE OF SESSION COST

		<u>TOTAL COST</u>	<u>ALLOCATION</u>	<u>COST TO BE REIMBURSED</u>
1842	Schedule A	13,749.01	50%	<u>6,874.51</u>
3379	Schedule B	23,089.17	100%	23,089.17
3392	Schedule C	<u>50,062.01</u>	70%	<u>35,043.41</u>
		<u>86,900.19</u>		<u>65,007.09</u>

SCHEDULE IV (A)

HAPPY XMAS - 1842

	<u>DATE</u>	<u>CHECK #</u>	<u>AMOUNT</u>
Session Costs Payroll	11/5/71		\$ 4,228.80
Chemical Bank	11/8/71	6037	218.83
Ronald Frangiapani	11/8/71	6038	200.00
David Wills	11/8/71	6039	79.98
AFM - EPW	11/8/71	6040	358.74
AFM - H&W	11/8/71	6041	31.00
Jim Keltner	11/11/71	6102	690.00
Harlem Community Choir	12/2/71	6205	500.00
Bill's Musical Instruments	12/27/71	6367	54.57
Carroll's Musical Instruments	12/27/71	6401	163.71
Record Plant	12/27/71	6379	4,193.28
Theodore Irwin	12/16/71	6298	100.00
Nicky Hopkins	1/3/72	6475	1,000.00
Chris Osborne	2/22/72	8926	225.00
Record Plant	2/22/72		1,705.10
			<u>\$ 13,749.01</u>

SCHEDULE IV (B)

IMAGINE - 3379

	<u>DATE</u>	<u>CHECK #</u>	<u>AMOUNT</u>
Session Payroll	7/14/71	Chks 608-638	\$ 15,216.45
AFM		5347	596.13
Health & Welfare		5349	28.00
Health & Welfare		5351	30.00
King Curtis		5353	500.00
AFM-EPW		5354	617.98
Chemical Bank	8/3/71	5430	677.81
Record Plant	9/3/71	5634	1,471.45
Record Plant	9/3/71	5634	2,003.65
Record Plant	9/3/71	5634	435.50
Record Plant	9/3/71	5634	1,275.10
Record Plant	9/3/71	5634	237.10
			<u>\$ 23,089.17</u>

SCHEDULE IV (C)
SOMETIME IN NEW YORK LP

Session Payroll	3/18/72		\$ 8,166.40
Professional Percussion	3/30/72	8997	115.56
Bam Musical Instrument		PJ41	53.50
Cutting Room, Inc.		PJ42	250.15
Record Plant	6/16/72	3544	16,466.45
Record Plant	6/16/72	3544	3,756.55
AFM - H&W	4/3/72	2904	64.00
AFM - EPW	4/3/72	2905	848.45
Cartage Fees (6)	4/3/72	2906, 9, 11, 12	18.00
Bradbury Baker	4/3/72	2913, 4	595.55
Oscar Jaimes	4/3/72	2915	638.29
Ronald Frangiapani	4/3/72	2916	1,250.00
Professional Percussion	4/6/72	2932	36.13
Elephants Memory	4/18-4/27/72		9,015.00
AFM - EPW			811.35
Health & Welfare			134.00
Chemical Bank			468.78
Chemical Bank	3/31/72		424.65
Federal Unemployment Ins.	3/31/72		40.83
State Unemployment Ins.	3/31/72		236.81
Jim Keltner	3/14/72	2675	1,380.00
Jessie Davis	3/16/72	2689	2,000.00
Jim Keltner	3/23/72	2836	2,841.56
Record Plant	3/31/72		450.00
			<u>\$ 50,062.01</u>

DATE February 21, 1973
 TO _____
 OFFICE _____ CI CRI ADI
 FROM _____
 OFFICE _____ CI CRI ADI

Capitol
A Capitol Industries Company

MEMO

SUBJECT: KLEIN LETTER TO MENNON, 2-13-73
IN REPLY TO MENON LETTER TO KLEIN, 2-3-73, RE NON-BEATLE SETTLEMENT

The schedule attached to Klein's letter is a claim for an additional \$179,895.47 above the \$132,458.56 which Capitol tendered to Apple as the non-Beatle settlement. This includes items which we had deducted from Apple's account as well as some new items Apple had not claimed before.

The new items are:

- | | |
|--|--------------------|
| 1. Additional Advertising, 12/31/72
They have now decided the advertising charges should be \$48,844.33 instead of \$41,703.97 as originally claimed. (We have never seen any of the bills. If there are such bills, the percentage allocations appear to be correct.) | \$ 7,140.36 |
| 2. Parts to Capitol on Beatle Product
If they have bills to support this schedule, these charges appear to be correct. | 4,191.29 |
| 3. Session Costs
These are clearly <u>not</u> Capitol expense. This is Klein's problem with EMI. | 65,007.09 |
| 4. Schedule of Unpaid Printing Invoices
These are not "printing" invoices. They are artwork preparation costs. Apple bears all artwork costs on non-Beatle product. Capitol bears actual printing costs. We have always instructed Queens Litho to send invoices for artwork preparation costs directly to Apple on non-Beatle product. | 23,350.22 |
| Total New Items | <u>\$99,688.96</u> |

SIGNED: _____

DATE February 21, 1973

TO _____

OFFICE _____ CI CRI ADI

FROM _____

OFFICE _____ CI CRI ADI

SUBJECT: KLEIN LETTER TO MENON, 2-13-73

IN REPLY TO MENON LETTER TO KLEIN, 2-3-73, RE NON-BEATLE SETTLEMENT

Exhibit B
2 of 4

Capitol
A Capitol Industries Company

MEMO

Objections to deductions taken by Capitol:

- | | |
|--|-------------|
| 1. Standard Deviation on Beatle Product
This appears to be an error on Capitol's accounting and subject to review by Accounting should be reversed. | \$ 6,263.88 |
| 2. Billy Preston Loan-Out Agreement
We had an agreement (unsigned) with Apple loaning Preston to Apple for a fee. (Klein apparently refuses to honor. Agreement was made prior to Klein taking over.) | 5,765.84 |
| 3. Copyrights on Billy Preston
Apple owes Glenwood for use of tune and has not paid. | 1,033.56 |
| 4. Give Peace A Chance
Complete story is covered in my letter to Silver of 6/26/72. Briefly, Klein claimed we had never paid royalty on single #1809 and owed Apple \$45,257.68. I proved to our satisfaction but obviously not to Klein's that not only had we paid the royalty but that we failed to recover the royalty on subsequent returns which amounted to \$37,980.14. It is interesting to note that Klein has only claimed the \$37,980.14 as a deduction in error. He has forgotten about his original claim for \$45,257.68. | 37,980.14 |
| 5. Reserve on SW 3400 Christmas Album
We maintain we have the right to set up a reserve for returns on this album since it was sold on a 100% return (not exchange) basis. | 29,163.09 |

Total Objections to Deductions Taken By Capitol	<u>\$ 80,206.51</u>
Total Claimed by Apple	<u>\$179,895.47</u>

SIGNED: _____

DATE February 21, 1973

TO _____
OFFICE _____

CI CRI ADI

FROM _____
OFFICE _____

CI CRI ADI

SUBJECT: KLEIN LETTER TO MENON, 2-13-73
IN REPLY TO MENON LETTER TO KLEIN, 2-3-73, RE NON-BEATLE SETTLEMENT

Exhibit B
3 of 4

Capitol
A Capitol Industries Company

MEMO

The validity of the claims as it appears to me may be summarized as follows:

	<u>Apple Claims</u>	
	<u>Valid</u>	<u>Invalid</u>
Additional Advertising	\$ 7,140.36 (A)	
Standard Deviation on Beatle Prod.	6,263.88 (B)	
Parts to Cap. on Beatle Product	4,191.29 (A)	
Session Costs		\$ 65,007.09 (C)
Unpaid Printing Invoices		23,350.22
Billy Preston Loan-Out Agreement		5,765.84
Copyrights on Billy Preston		1,033.56
Give Peace A Chance		37,980.14
Unauthorized Reserve on SW 3400		<u>29,163.09</u>
	<u>\$17,595.53</u>	<u>\$162,299.94</u>
Total Valid	\$ 17,595.53	
Total Invalid		<u>162,299.94</u>
Total Claims	<u>\$179,895.47</u>	

NOTES:

- (A) Subject to presentation of bills by Apple.
- (B) Capitol Accounting Department error.
- (C) Possibly chargeable to EMI

P.S. -
Comments Re John Lennon/Plastic Ono Band/Yoko Problems

It should be noted that to preserve his position that Lennon/Ono/Plastic Ono Band was Apple non-Beatle product he did not forward the recording



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bills to EMI or the advertising and parts bills to Capitol for payment. To do so might have implied that the product in question was Beatle and not non-Beatle as he was claiming. (EMI pays the recording on Beatle product, Apple on non-Beatle product. Likewise, Capitol pays the trade advertising on Beatle product but not on non-Beatle.)

He therefore sat on the following bills which he now proposes we pay all or part of (depending on whether Yoko was involved or not). The charges he has listed are as follows. (We have not seen the actual invoices.)

<u>Recording Costs</u>	<u>Total Cost</u>	<u>Allocation</u>	<u>To Be Reimbursed</u>
Single 1842 (Happy Xmas)	\$13,749.01	50% (Yoko/John)	\$ 6,874.51
3379 - Plastic Ono Band	23,089.17	100% (John only)	23,089.17
3392 - Sometime In New York	50,062.01	70% (30% Yoko)	35,043.41
	<u>\$86,900.19</u>		<u>\$65,007.09</u>

He made the same type of allocation for advertising which I will not repeat since it is listed on Schedule I.