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May 30, 1989

*NOT ADMITTED IN D C

Honorable Edward W. Ray
Chairman
Copyright Royalty Tribunal
1111 20th Street N.W.
Washington, D.C. 20036

Re: 1986 Royalty Fund Allocation

Dear Chairman Ray:

At the request of the Tribunal, Program Suppliers have attempted to determine the percentage ratios of the Basic, 3.75 and Syndex royalty funds related to the late payments made to the Copyright Office. For purposes of this submission, late payments includes all 1986 payments made to the Office which were not distributed to copyright owners as part of the December 15, 1988 distribution. Based on the latest information available to us, the amount of the late payments is \$4,340,000.

Cable Data Corporation did not analyze separately the late payments, but instead lumped together them with earlier payments made by systems to arrive at a single royalty payment by each system. Thus, for example, if a system paid \$100 in royalties on August 31, 1986, and another \$50 on April 10, 1989, Cable Data reported the system as paying \$150 without noting what part of the \$150 was filed in 1986 and what part was filed in 1989.

The ratios of the three funds derived from Cable Data's analysis differed from those that had been used by the Tribunal in making the December 15, 1988 distribution. The two sets of ratios are shown below:

	<u>CRT</u>	<u>CDC</u>
Basic	57.4860%	57.2712%
3.75	22.5920%	22.8365%
Syndex	<u>19.9220%</u>	<u>19.8923%</u>
Total	100.0000%	100.0000%

Because CDC's analysis reflects information as of mid-May, we believe that the differences between it and the earlier analysis reflect the changes in the funds due to the late payments. In order to determine the three fund ratios for the late payments, we added the \$4,340,000 in late payments to the approximately \$124 million distributed on December 15 to arrive at the total amount of 1986 royalty payments. Next, we multiplied this total amount of 1986 royalty payments by the ratios of the three funds determined by CDC. We then subtracted from these figures the dollar amounts of the three funds used by the Tribunal to determine the December 12 payments. The difference for each fund was assumed to correspond to the amount of late payments made to that fund.

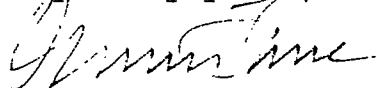
A ratio of the late payments for each fund compared to the total late payments of \$4,340,000 was calculated to determine the percentage shares of the three funds. The percentage shares just for the late payments calculated in this manner are:

Basic	51.1207%
3.75	29.8374%
Syndex	<u>19.0419%</u>
	100.0000%

The result of using these percentages to calculate the distribution of the late payments will be to assure that the total payments to each party will match the ratios of the three funds derived by CDC as of mid-May 1989.

If you have any questions, please feel free to call.

Very truly yours,



Dennis Lane

cc:All Commissioners
General Counsel
All Parties