



## State of North Carolina

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ATTORNEY GENERAL

Department of Justice  
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27699-9001

October 2, 2007

North Carolina Senate President *Pro Tempore* Marc Basnight  
North Carolina House of Representatives Speaker Joe Hackney  
Chairs, Joint Legislative Commission on Governmental Operations

Senator Ellie Kinnard  
Senator John Snow  
Representative Alice Bordsen  
Representative Jimmy L. Love, Sr.  
Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly  
Raleigh, North Carolina 27601-1096

RE: N.C.G.S. § 114-2.5; Report of Court Orders in Favor of the State  
In Re: CD Litigation; In the United State District Court for the District of  
Maine, MDL Docket No. 1361

### Members:

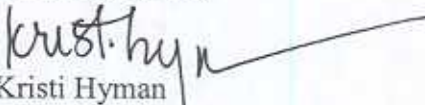
N.C.G.S. § 114-2.5 requires that not less than thirty (30) days prior to disbursement of funds received by the State or State agency pursuant to a settlement agreement or final orders of judgment of the case where the amount of funds exceed \$75,000.00, the Attorney General shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety on the payments received by the State. Pursuant to that statute, I am writing to report as follows:

North Carolina and 42 other States, commonwealths and territories entered into a \$64.3 million court-approved national settlement effective September 26, 2002, with Capitol Records, Inc. d/b/a EMI Music Distribution, Virgin Records America, Inc., and Priority Records LLC (collectively "EMD"); Time Warner, Inc., Warner-Elektra-Atlantic Corp., WEA, Inc., Warner Music Group, Inc., Warner Bros. Records, Inc., Atlantic Recording Corporation, Elektra Entertainment Group, Inc., and Rhino Entertainment Company (collectively, "WEA"); Universal Music & Video Distribution Corporation, Universal Music Group, Inc., and UMG Recordings, Inc. (collectively "Universal"); Bertelsmann Music Group, Inc. and BMG Music (collectively "BMG"); and Sony Music

Entertainment Inc. ("Sony"). The settlement resolved allegations that defendants induced or coerced music CD retailers to agree not to sell CDs at a discount. Pursuant to the Federal Court order, North Carolina disbursed \$2.14 million dollars worth of CDs to 200 schools, libraries and government institutions. Furthermore, the Federal Court ordered that \$133,837.28 shall be payable to the North Carolina Symphony to fund its Adventures in Music program and Monthly Statewide Broadcast Series.

We will be happy to respond to any questions you may have regarding this report. Please feel free to contact me at (919) 716-6400.

Very truly yours,

  
Kristi Hyman  
Chief of Staff

KH/th

Cc: Jean Sandaire, NCGA, Fiscal Research  
Greg McLeod, NCDOJ, Legislative Counsel  
Nels Roseland, NCDOJ, Deputy Chief of Staff