

procedure, unless an independent and Qualified Auditor concludes that during the period audited, the Licensee underpaid royalties by an amount of five (5) percent or more; in which case, the service that made the underpayment shall bear the costs of the verification procedure.

(g) *Interested parties.* For purposes of this section, interested parties are those Copyright Owners who are entitled to receive royalty fees pursuant to 17 U.S.C. 114(g), their designated agents, or the Collective.

[72 FR 71796, Dec. 19, 2007. Redesignated at 78 FR 23096, Apr. 17, 2013 and amended at 78 FR 23097, Apr. 17, 2013]

#### § 382.7 Verification of royalty payments.

(a) *General.* This section prescribes general rules pertaining to the verification of the payment of royalty fees to those parties entitled to receive such fees, according to terms promulgated by the Copyright Royalty Board.

(b) *Frequency of verification.* Interested parties may conduct a single audit of the Collective during any given calendar year.

(c) *Notice of intent to audit.* Interested parties must submit a notice of intent to audit the entity making the royalty payment to the Copyright Royalty Board, which shall publish in the FEDERAL REGISTER a notice announcing the receipt of the notice of intent to audit within 30 days of the filing of the interested party's notice. Such notification of intent shall also be delivered at the same time to the party to be audited.

(d) *Retention of records.* The interested party requesting the verification procedure shall retain the report of the verification for a period of three years after completion of the verification process.

(e) *Acceptable verification procedure.* An audit, including underlying paperwork, which was performed in the ordinary course of business according to generally accepted auditing standards by an independent and Qualified Auditor, shall serve as an acceptable verification procedure for all interested parties.

(f) *Costs of the verification procedure.* The interested party or parties requesting the verification procedure

shall pay for all costs associated with the verification procedure, unless an independent and Qualified Auditor concludes that, during the period audited, the Licensee underpaid royalties in the amount of five (5) percent or more, in which case, the entity that made the underpayment shall bear the costs of the verification procedure.

(g) *Interested parties.* For purposes of this section, interested parties are those who are entitled to receive royalty payments pursuant to 17 U.S.C. 114(g)(2), or their designated agents.

[72 FR 71796, Dec. 19, 2007. Redesignated at 78 FR 23096, Apr. 17, 2013 and amended at 78 FR 23098, Apr. 17, 2013]

#### § 382.8 Unclaimed funds.

If the Collective is unable to identify or locate a Copyright Owner or Performer who is entitled to receive a royalty distribution under this subpart, the Collective shall retain the required payment in a segregated trust account for a period of 3 years from the date of the last distribution from the royalty fund at issue. No claim to such distribution shall be valid after the expiration of the 3-year period. After expiration of the three-year claim period, the Collective may apply the unclaimed funds to offset any costs deductible under 17 U.S.C. 114(g)(3). The foregoing shall apply notwithstanding the common law or statutes of any State.

[72 FR 71796, Dec. 19, 2007. Redesignated at 78 FR 23096, Apr. 17, 2013 and amended at 78 FR 23098, Apr. 17, 2013]

### Subpart B—Preexisting Satellite Digital Audio Radio Services

AUTHORITY: 17 U.S.C. 112(e), 114(f), 804(b)(3).

SOURCE: 73 FR 4102, Jan. 24, 2008, unless otherwise noted.

#### § 382.10 General.

(a) *Scope.* This subpart establishes rates and terms of royalty payments for the public performance of sound recordings in certain digital transmissions by Licensees in accordance with the provisions of 17 U.S.C. 114, and the making of Ephemeral Recordings by Licensees in accordance with the provisions of 17 U.S.C. 112(e), during