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COLUMN ONE

Power and Conflict Behind the Grammys

*** Chief executive C. Michael Greene has made the awards show a blockbuster. But critics question his high pay, personal style and allocation of academy's charity funds.**

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In 10 years, C. Michael Greene has transformed the Grammy Awards from a minor industry ritual into the global television event airing Wednesday night before an audience of 1.5 billion.

Along the way, the 49-year-old Greene, chief executive of the National Academy of Recording Arts and Sciences, has transformed himself into one of the most powerful and controversial figures in the music industry. Once a struggling Atlanta saxophonist, Greene now lives in a \$1.5-million Malibu home and has top industry executives fighting for his attention.

But he is also drawing increasing criticism for running the academy almost as a personal fiefdom, for his lavish style and for his erratic public behavior.

Although Greene relentlessly promotes the nonprofit academy's charitable endeavors as central to its purpose, public records show that in at least one key area the organization has spent less than 10% of every donated dollar on assistance to indigent, unemployed and infirm musicians--a fraction of what the organization spends on administrative expenses. Although Greene characterizes his own work as a "labor of love" and a "mission," he is paid more than many corporate executives and more than the heads of nonprofit entities hundreds of times the size of the academy, known as NARAS.

Few recording executives are willing to challenge Greene in public, in part because he and his deputies decide which acts receive coveted performance slots on the annual Grammy telecast--worldwide exposure that could be worth millions of dollars in album sales. (Voting for the awards is supervised by an outside auditing firm to guard against manipulation.)

Greene contends that he has become the focus of criticism because the Grammys' success has bred resentment.

"I am totally the lightning rod," he said in an interview with The Times. "I totally have a target on my back, and I'm not whining about that. When I'm personally attacked I have to take comfort in just one thing: that none of that is ever true."

In a monthlong investigation of Greene's stewardship of the Santa Monica-based recording academy, The Times has learned that:

* NARAS' charitable efforts, which lend philanthropic luster to the organization's image, are saddled by high overhead. Better Business Bureau guidelines generally recommend that charities should allocate no less than 60% to 70% of their revenues to programs. One of the group's philanthropic arms spends three to four times as much on administration and fund-raising as it disburses to the needy.

* While Greene speaks out against music that degrades women, he and his organization have been the target of complaints of sexual harassment. NARAS has settled two harassment and discrimination claims by former workers; three others allegedly received extended severance packages or out-of-court settlements after making similar accusations. Greene denied any wrongdoing. Last year, the recording academy's board called for an investigation into allegations of sexual harassment against Greene. The internal probe cleared him of all charges.

* Greene last year pitched a recording of his own music to record executives whose acts were up for performance slots in the Grammy telecast--often in the course of meetings about the awards. The record was bought by Mercury Records for about \$250,000; Greene has pledged to donate his portion of any royalties or profits, after expenses, to charity.

* Although Greene asserted in an interview with The Times that NARAS operates on a budget "as tight as it can be," his own pay for fiscal 1995-1996 was \$757,000, with expenses and fringe benefits worth another \$55,000, public records show. His job perquisites include a leased Mercedes sedan and an annual membership in the exclusive Bel-Air Country Club.

For fiscal 1996-97 Greene received a raise in the form of a bonus tied to the more than five-year sale of Grammy telecast rights to CBS for \$100 million. The exact size of the bonus is not publicly available and NARAS declined to disclose it. Two sources said that it could come to as much as \$1 million or more.

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There is no question that Greene has presided over a period of tremendous growth at the recording academy since his ascension to chief executive in 1988. That year, the organization had 14 employees, 3,500 members, and assets of \$4.9 million. Currently, according to figures the academy provided to The Times, it has 78 staffers, 12,500 members, and \$38 million in assets.

Greene, the son of a big-band leader from Atlanta, broke into the music business in the 1970s as a saxophone and keyboard player. After recording two poorly received albums, he worked in recording studios and cable TV stations, joining NARAS in 1985 as an unpaid Atlanta chapter president.

During his tenure, the telecast rights to the show have steadily risen in value to this year's \$20 million. The cost of the show has also increased. The latest figures suggest that the production costs are more than \$6.3 million. Industry sources say that figure is nearly double what it costs to produce such competing telecasts as the American Music Awards and the MTV Awards.

In the past four years, Greene has orchestrated the purchase of offices in Santa Monica, New York and Nashville. Greene also has plans to build a Grammy Hall of Fame in Memphis.

"Mike Greene has completely transformed the face of the Grammy organization," said music industry legend Ahmet Ertegun, founder and co-chairman of the Atlantic Records Group. "He turned it from a tiny little blip on the map into a giant international success. I think he is fabulous."

Leslie Moonves, president of CBS Entertainment, which will broadcast the ceremony, agrees.

"He turned that sleepy organization into one of the most powerful organizations in the country," Moonves said. "I know Mike is a controversial guy. He's not afraid to speak his mind and he's a tough negotiator. I think what Mike has now done in terms of public service with **MusiCares** and the Grammy-in-the-Schools charities is extraordinary."

Greene's personal style has sometimes become an issue. Earlier this month, industry leaders were dismayed when he reportedly berated and threatened a deputy of Rudolph W. Giuliani, the mayor of New York, the host city of this year's Grammys.

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"I was shocked by Mike Greene's behavior," Giuliani said in a telephone interview. "I don't know if this reflects the view of the board of NARAS, but to be honest, I think they should've taken more decisive action with regard to his abusive behavior."

"It doesn't make anyone in the record industry look or feel good that one of our leaders is the subject of so much controversy," said Hilary Rosen, chairwoman of the Recording Industry Assn. of America, the leading industry trade group. "I don't know all the facts about what has gone on [but] in my opinion, it is the job of the board of directors to hold their chief executive accountable to . . . their membership."

Greene formally serves at the pleasure of NARAS' 40-member board of trustees, which consistently supports him and ordinarily meets only once a year.

Greene denies that he threatened anyone.

What is true is that he has been rewarded handsomely by NARAS' unpaid board of trustees.

Greene's level of compensation is among the highest paid to any chief executive of a nonprofit entity in the country. His 1995-96 pay was nearly 25% higher than the \$617,000 earned by Harold Williams, the former president of the J. Paul Getty Trust, which owned assets worth \$4.5 billion compared to the recording academy's \$21.5 million.

The top-paid executives of the organizations that sponsor the Oscar and Emmy awards received salaries of \$157,000 and \$175,000 respectively. But Greene dismissed them as objects of comparison.

"They're associational executive directors," he said. "They're not really chief executive officers." By contrast, he argued, his role is "kind of a unique job" that involved his spending considerable time helping to supervise NARAS' charitable organizations.

As it happens, questions have circulated in the music industry for several years over the contrast between NARAS' charitable revenues and spending--particularly at the **MusiCares** Foundation, which was established to provide emergency financial assistance, including substance abuse treatment, to indigent or unemployed musicians.

"I don't believe that I or anyone else in the music industry has a clear understanding of where the money goes," said James Fifield, chief executive of EMI Music, a major recording company, and a member of the **MusiCares** advisory board.

Greene has long touted **MusiCares**, which provides grants of up to \$2,000 a year with a \$6,000 lifetime maximum, as one of NARAS' most important efforts.

"There are a few thousand people who are helped by **MusiCares'** financial grant and assistance program during the course of the year," he said, adding that last year "hundreds" of clients received help in coping with substance abuse.

Although **MusiCares** does sponsor a program of referrals for substance abusers, documents reviewed by The Times show it has provided financial assistance to only 524 individuals from its founding in 1992 through last November, the latest date for which the records were provided. In most cases the assistance came to \$1,000 or less per person.

Over the entire period, **MusiCares** took in contributions of more than \$6.5 million, but paid out \$627,000, or less than 10% of its total income, in individual grants. Far larger sums went to cover organizational expenses.

In 1995-96, the most recent year for which a federal tax return is on public file for **MusiCares**, the charity received \$1.72 million in contributions and other earnings and paid out \$148,341 in individual grants to 102 individuals. Of the balance, some \$978,000 went to organizational expenses, including nearly \$500,000 to stage the annual "Person-of-the-Year" fund-raising dinner. Another \$393,720 was added to **MusiCares'** financial holdings, which at the time already totaled \$2 million.

Greene said **MusiCares** would have paid out substantially more if only it had more requests, and that many potential beneficiaries may be reluctant to apply for aid out of pride or concern for their privacy.

"We find that a lot of folks are reluctant to reach out," he said. "Many people, especially people that have made a name for themselves in this business, are very worried about their predicament becoming public information."

One spokesman for the organization said it is attempting to accumulate a war chest for the eventual construction of a residence and convalescent facility for indigent and homeless musicians.

But he acknowledged that no plans, cost estimates, or site exist for such a facility, and that its construction would probably require a government grant. In any event, the goal of building a facility has not been shared with many of the contributors and musicians who help promote the **MusiCares** program.

Greene's caginess about how **MusiCares** money is spent has irked, among others, singer Bonnie Raitt, a 1990 Grammy winner who lent her popularity to the charity by agreeing to be honored at its 1992 "Person-of-the-Year" dinner. She refused to attend subsequent events promoting **MusiCares** until she received documentation of the organization's spending.

Raitt declined to be interviewed, but her manager, Jeffrey Hersh, said it took nearly a year of repeated requests before Greene turned over any documentation to the singer. After reviewing a copy of a recent **MusiCares** tax form, Hersh said Raitt was disappointed to discover the small percentage of money being doled out.

"Bonnie Raitt agreed to work with this charity because she believed the lion's share of the money raised would go to benefit those in need," Hersh said. "She was told that the money would go directly to help pay for people's rent, food, clothing, health insurance and substance abuse problems."

Hersh said he and his client were shocked at the "reprehensible" disparity between the income and payout at **MusiCares**.

(A second charity, the NARAS Foundation, finances community music events and other programs, including benefit performances for schools and an embryonic archiving and preservation program.)

Critics also cite the way Greene treats his employees.

More than a dozen former NARAS employees interviewed by The Times contended that Greene has created a "hostile" work environment at the nonprofit organization. Records show that the California Department of Industrial Relations is investigating two stress and harassment claims filed with the Worker's Compensation Board against the academy by former employees.

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Last year, more than a third of an estimated 60-person staff at the academy's headquarters in Santa Monica quit or were forced out of their jobs. "Turnover was so great people were taking numbers to get out," said one former employee who is an admirer of Greene. This employee, who asked to remain unidentified, ascribed the turnover to the heavy workload and relatively low pay at the recording academy rather than to inappropriate management behavior.

Greene scoffed at allegations of sexual harassment by several former employees, calling them "scurrilous rumors" disseminated by disgruntled people attempting to tarnish the Grammys' reputation.

"This stuff really irritates me. It's a bunch of lies. Categorically untrue," Greene said. "I have never harassed anyone. No screaming. No touching. This organization has probably one of the best work environments out there. We've got a great record of continuity in personnel."

Several current academy employees referred to The Times by Greene supported his assertions.

Greene and the academy were sued four years ago by a female employee who contended she had been subjected to sexual harassment by the academy's senior vice president, Rob Senn. The suit said Senn repeatedly tried to fondle her, made offensive sexual remarks, and engaged in similar conduct with other workers.

The employee, hired in 1992 as a \$55,000-a-year controller, also contended in the suit that NARAS management retaliated against her for insisting that it comply with unspecified IRS reporting requirements and immigration and workplace safety laws.

Senn and the academy denied the allegations and resolved the case with an out-of-court settlement approved by the board of trustees, sources said.

Records show that the academy paid a settlement to resolve another harassment and discrimination complaint filed by a second female employee in 1993 with the state Department of Fair Employment and Housing. That settlement, however, was never disclosed to the board, sources said.

Sources said several other female staff members who threatened to file harassment or discrimination complaints against Greene in recent years were paid the equivalent of three months' salary if they promised to leave quietly. Greene denied that any employees were harassed or received severance packages in exchange for silence.

Last year, the board of trustees called for an investigation into allegations of sexual harassment and financial improprieties. The probe was supervised by two outside attorneys often employed for other legal matters, including the negotiation of Greene's compensation package.

Former academy chairman Joel Katz said the probe concluded that all the charges were groundless.

"They conducted a thorough investigation into every mudslinging charge made against me and none of it stuck," Greene said. "A verbal report was made to the board regarding the investigation at the last annual meeting and I was given a public apology."

This week, while Greene is in New York for the Grammys, he is expected to sign a contract with Mercury Records to release an album of his own songs--from which all proceeds are to be donated to help needy musicians.

The album was recorded over two years with a team of top musicians at some of the best studios in the nation and produced by Phil Ramone, who has since been named NARAS chairman, a nonpaying post. Last summer, Greene provided board members with a copy of the recording and told them he intended to shop it to a major label.

Greene said that he initially distributed the recording to major labels under a pseudonym to get objective feedback. Only after it received raves, he said, did his attorney began soliciting offers for the recording under Greene's name.

But five top record company chiefs said Greene stopped by their offices and personally handed them copies of the demonstration CD--an action some felt inappropriate for the head of the academy.

In December, Mercury Group Chairman Danny Goldberg agreed to sign Greene to his label. Goldberg, who six years ago signed a contract with President Clinton's brother Roger, has promised to contribute all Mercury's profits from the recording to **MusiCares**.

Goldberg declined to comment, but Greene said he showed no favoritism to Mercury in selecting this year's Grammy performers. Indeed, other companies who rejected Greene's album will have more acts on stage.

During an interview, Greene broke down in tears as he explained his motivations for recording his solo album.

"I am an artist and these are my most personal feelings," Greene said. "This is my most personal gift and I am giving it to **MusiCares**. I'm sorry I got all blubbery here, but it's just where I come from. You know, when you grow up with a big-band leader for a father and you see all those musicians in your house and you see their dreams broken and you see them die destitute.

"I mean, the music business is unfair and we have had more than a few broken dreams walk into this office since I took over. That's the reason this means so much to me. That's why I am so passionate about it. It's not a job to me. It's a mission."

* LISTENING IN

Audio samples from Michael Greene's album are available in the Grammy section of the Times' Web site at <http://www.latimes.com/grammys>

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Lucrative Work

C. Michael Greene's annual compensation as chief executive of the National Academy of Recording Arts and Sciences, sponsor of the Grammys, places him in rarefied company among heads of non-profit, tax-exempt organizations and institutions. A sampling:

Organization	Fiscal '95-'96 Revenues	Executive	Pay
NARAS	\$18.6 million	C. Michael Greene	\$757,000
Ford Foundation	\$1.1 billion	Susan V. Berresford	\$648,000
J. Paul Getty Trust	\$345.8 million	Harold Williams*	\$617,000
U.S. Chamber of Commerce	\$70 million	Thomas J. Donohue	\$600,000
Harvard University	\$2.7 billion	Neil L. Rudenstine	\$257,553
Academy of Television Arts & Sciences (Emmys)	\$8.1 million	James L. Loper	\$175,000
Academy of Motion Picture Arts & Sciences (Oscars)	\$26.4 million	Bruce Davis	\$157,000

* Retired January 1998

Sources: Chronicle of Philanthropy; Chamber of Commerce; AMPAS; ATAS; Internal Revenue Service.

The portion of annual revenues that **MusiCares**, the charitable arm of NARAS, disburses in grants to indigent, unemployed and ailing people from the music industry has consistently been a small fraction of its revenues.

Fiscal Year	MusiCare Income	Grants to Individual Recipients
1993-94	\$1.48 million	\$68,028
1994-95	\$1.54 million	\$108,402
1995-96	\$1.72 million	\$148,341
1996-97	\$1.73 million	\$199,682

Source: **MusiCares**, Internal Revenue Service

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Descriptors: GREENE, C MICHAEL; **MUSICARES** (ORGANIZATION); NATIONAL ACADEMY OF RECORDING ARTS AND SCIENCES; GRAMMY AWARDS; NONPROFIT ORGANIZATIONS -- FINANCES; EXECUTIVES -- WAGES AND SALARIES; RECORDING INDUSTRY -- POLITICS

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PHOTO: C. Michael Greene, head of the National Academy of Recording Arts and Sciences, says the Grammys' success has bred resentment.

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PHOTO: (A2) CLOUT--C. Michael Greene, who transformed the Grammy Awards into a huge event, is a formidable figure in the music industry.

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