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599 Lexington Avenue  
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To: All ANA and AAAA JPC Authorizers  
From: Joint Policy Committee  
Re: Allocations in Celebrity Endorsement Contracts

As you are aware, the Joint Policy Committee for Broadcast Talent Relations (JPC), is the multi-employer bargaining unit representing the interests of advertisers and advertising agencies in negotiating the collective bargaining agreements (CBA) with the Screen Actors Guild (SAG), the American Federation of Television and Radio Artists (AFTRA), and the American Federation of Musicians (AFofM).

Earlier this year, the JPC brought an arbitration against SAG over the manner in which disputes were resolved on the allocations between SAG covered and non-covered services in overscale celebrity endorsement agreements. Contrary to the SAG CBA, disputes on allocations were being resolved by the SAG Pension & Health Fund Trustees, not SAG. If the parties were unable to agree, the Trustees brought suit against the advertiser or advertising agency under federal ERISA laws. The CBA, however, provides that disputes are to be resolved via arbitration between SAG and the advertiser or advertising agency, a process that is fairer and far less onerous if unsuccessful.

The refusal by SAG to engage in discussions or acknowledge that arbitration, not litigation, was the remedy for resolving disputes forced the JPC to sue SAG.

The arbitrator ruled in the JPC's favor, finding that an impasse over the appropriate allocation was the exclusive jurisdiction of the CBA and that the Trustees had no business challenging an allocation.

Despite the JPC's victory, the Trustees continue to take the position that they can challenge allocations. SAG has also sued the JPC to set aside the arbitration award. The JPC is vigorously defending that suit and is confident of victory.

While the suit is pending, the arbitration award remains in place and the Trustees lack the right to challenge an allocation.

Therefore, if you are being audited by the SAG Pension & Health Fund over the appropriate allocation in overscale celebrity endorsement agreements and the Trustees' accountants or attorneys are challenging the allocation between covered and non-covered services provided in

the contract with the celebrity, please notify the JPC. It is important that the JPC be aware of all instances where SAG or the SAG Trustees are refusing to follow the dictates of the arbitration. Either call Douglas Wood, the JPC's Lead Negotiator, at 1 212 549-0377 or email him at [dwood@reedsmith.com](mailto:dwood@reedsmith.com).

Thank you.