

How a Phoenix record store owner set the audiophile world on fire

MoFi Records claimed its expensive reissues were purely analog reproductions. It had been deceiving its customer base for years.

By [Geoff Edgers](#)

August 5, 2022 at 6:00 a.m. EDT

Mike Esposito still won't say who gave him the tip about the records. But on July 14, he went public with an explosive claim.

In a [sometimes halting video](#) posted to the YouTube channel of his Phoenix record shop, the 'In' Groove, Esposito said that "pretty reliable sources" told him that MoFi (Mobile Fidelity), the Sebastopol, Calif., company that has prided itself on using original master tapes for its pricey reissues, had actually been using digital files in its production chain. In the world of audiophiles — where provenance is everything and the quest is to get as close to the sound of an album's original recording as possible — digital is considered almost unholy. And using digital while claiming not to is the gravest sin a manufacturer can commit.

There was immediate pushback to Esposito's video, including from some of the bigger names in the passionate audio community.

Shane Buettner, owner of Intervention Records, another company in the reissue business, defended MoFi on the popular message board moderated by mastering engineer Steve Hoffman. He remembered running into one of the company's engineers at a recording studio working with a master tape. "I know their process and it's legit," he wrote. Michael Fremer, the dean of audiophile writing, was less measured. [He](#) slammed Esposito for irresponsibly spreading rumors and said his own unnamed source told him the record store owner was wrong. "Will speculative click bait YouTube videos claiming otherwise be taken down after reading this?" he tweeted.

But at MoFi's headquarters in Sebastopol, John Wood knew the truth. The company's executive vice president of product development felt crushed as he watched Esposito's video. He has worked at the company for more than 26 years and, like most of his colleagues, championed its much lauded direct-from-master chain. Wood could hear the disappointment as Esposito, while delivering his report, also said that some of MoFi's albums were among his favorites. So Wood picked up the phone, called Esposito and suggested he fly to California for a tour. It's an invite he would later regret.

That visit resulted in a second video, published July 20, in which MoFi's engineers confirmed, with a kind of awkward casualness, that Esposito was correct with his claims. The company that made its name on authenticity had been deceptive about its practices. The episode is part of a crisis MoFi now concedes was mishandled.

"It's the biggest debacle I've ever seen in the vinyl realm," says Kevin Gray, a mastering engineer who has not worked with MoFi but has produced reissues of everyone from John Coltrane to Marvin Gaye.

"They were completely deceitful," says Richard Drutman, 50, a New York City filmmaker who has purchased more than 50 of MoFi's albums over the years. "I never would have ordered a single Mobile Fidelity product if I had known it was sourced from a digital master."

Record labels use digital files to make albums all the time: It's been the industry norm for more than a decade. But a few specialty houses — the Kansas-based Analogue Productions, London's Electric Recording Co. and MoFi among them — have long advocated for the warmth of analog.

“Not that you can't make good records with digital, but it just isn't as natural as when you use the original tape,” says Bernie Grundman, 78, the mastering engineer who worked on the original recordings of Steely Dan's “Aja,” Michael Jackson's “Thriller” and Dr. Dre's “The Chronic.”

Mobile Fidelity and its parent company, Music Direct, were slow to respond to the revelation. But last week, the company began updating the sourcing information on its website and also agreed to its first interview, with The Washington Post. The company says it first used DSD, or Direct Stream Digital technology, on a 2011 reissue of Tony Bennett's “I Left My Heart in San Francisco.” By the end of 2011, 60 percent of its vinyl releases incorporated DSD. All but one of the reissues as part of its One-Step series, which include \$125 box set editions of Santana, Carole King and the Eagles, have used that technology. Going forward, all MoFi cutting will incorporate DSD.

Syd Schwartz, Mobile Fidelity's chief marketing officer, made an apology.

“Mobile Fidelity makes great records, the best-sounding records that you can buy,” he said. “There had been choices made over the years and choices in marketing that have led to confusion and anger and a lot of questions, and there were narratives that had been propagating for a while that were untrue or false or myths. We were wrong not to have addressed this sooner.”

Mastering engineer Brad Miller founded MoFi in 1977 to cater largely to audiophiles. The company boomed during the 1980s, but by 1999, with vinyl sales plummeting, the company declared bankruptcy. Jim Davis, owner of the Chicago-based Music Direct, a company that specializes in audio equipment, purchased the label and revived MoFi. During the recent vinyl resurgence (vinyl sales in 2021 hit their highest mark in 30 years), MoFi's specialty releases sell out quickly and can be found on secondary markets at much higher prices.

Marketing has been a key element of the MoFi model. Most releases include a banner on the album cover proclaiming it the “Original Master Recording.” And every One-Step, which cut out parts of the production process to supposedly get closer to the original tape, includes a thick explainer sheet in which the company outlines in exacting detail how it creates its records. But there has been one very important item missing: any mention of a digital step.

The company has obscured the truth in other ways. MoFi employees have done interviews for years without mentioning digital. In 2020, Grant McLean, a Canadian customer, got into a debate with a friend about MoFi's sourcing. McLean believed in the company and wrote to confirm that he was right. In a response he provided to The Post, a customer service representative wrote McLean that “there is no analog to digital conversion in our vinyl cutting process.”

Earlier this year, MoFi announced an upcoming reissue of Jackson's 1982 smash “Thriller” as a One-Step. The news release said the original master tape would be used for the repressing, which would have a run of 40,000 copies. That's a substantially bigger number than the usual for a One-Step, which is typically limited to between 3,500 and 7,500 copies.

Michael Ludwigs, a German record enthusiast with a YouTube channel, 45 RPM Audiophile, questioned how this could be possible. Because of the One-Step process, an original master tape would need to be run dozens of times to make that many records. Why would Sony Music Entertainment allow that?

“That's the kind of thing that deteriorates tape,” says Grundman.

“That's the one where I think everyone started going, ‘Huh?’” says Ryan K. Smith, a mastering engineer at Sterling Sound in Nashville.

The MoFi controversy has not just exposed tensions between rival record makers. It's heightened a rift between Fremer and Esposito. For decades, as LPs were replaced by CDs and iPods, Fremer, now 75, was a lonely voice pushing to keep them alive.

“Michael's considered the guy, like the guru, so to speak,” says Dale Clark, 54, a photographer and longtime record collector in Ohio.

But Fremer, now a writer for the online magazine the Tracking Angle, has been bickering with Esposito for months. He was furious that MoFi invited Esposito to Sebastopol and wrote an email to Jim Davis on July 17 to protest.

“You have lost your minds,” Fremer wrote. “Mistakes happen that can be corrected. In this case you have chosen to elevate [an inexperienced non-journalist] to work your way out of a predicament instead of a seasoned journalist and I’m not referring necessarily to me. I could name a half dozen others.”

Esposito never claimed to be a journalist.

He’s a record geek who grew up in foster homes after his father was murdered when he was 11. (His mother, he says, has had drug and alcohol problems.) Over the years, Esposito, who didn’t finish high school, has sold sports collectibles and started a chain of mattress stores. In 2015, he opened the ‘In’ Groove in Phoenix. His regular videos, in which he unboxes reissues and ranks different pressings, have made him a popular YouTube presence with almost 40,000 subscribers. He says he felt he owed it to his customers to pursue the MoFi tip.

“I sell to the people I sell to because they trust me,” Esposito, 38, told The Post. “And if they don’t trust me, they can go anywhere else and buy those records.”

Esposito wants record companies to do a better job labeling recording sources. Some already do. Intervention and Analogue Productions provide details on records or their websites; so does Neil Young.

“The problem is ‘analog’ has become a hype word, and most people don’t know how records are made,” says Esposito. “And you can very factually say this record was sourced from the original analog master tape and you’re not lying. But that doesn’t disclose to the consumer what’s going on between the beginning of it and the final product.”

There were no ground rules laid out for Esposito’s July 19 visit. He paid his airfare, and Wood met him at the airport. In the car, Wood confirmed what Esposito had reported in his video.

“They didn’t come off to me as if they were trying to hide anything,” Esposito said.

At MoFi’s headquarters, Esposito looked at tapes and machinery the company uses to master its records. He also saw vintage packaging and advertising materials for past releases, including mock-ups for Beatles reissues. Then he took out his Panasonic camcorder and asked Wood if it was okay for him to set up and do an interview with the three mastering engineers he had met. No problem, they said.

The result is an hour-long conversation that is equally fascinating and confusing. Esposito is not a trained interviewer, and engineers Shawn Britton, Krieg Wunderlich and Rob LoVerde are not trained interviewees. At times, the conversation is stilted and meandering. There are also occasional moments of charm as they connect about their shared passion for music.

Whatever Esposito’s approach, there is no doubt that without him, MoFi’s process would have remained a secret. The engineers, who had stressed the use of tape and working “all analog” in the past, didn’t hesitate to reference the company’s embrace of Direct Stream Digital technology.

Davis, the owner, not only didn’t invite Esposito but also didn’t learn about the visit until after Wood had extended the invitation. He tried to get to Sebastopol for the tour but said that a long line at a rental car check-in left him arriving at MoFi headquarters only after Esposito was finished.

By then, the damage was done. Last week, Wood was asked whether he regretted the interview with the engineers. He broke down.

“I regret everything, man,” he said.

Davis also did not appreciate the interview. Music Direct’s stereo equipment business brings in revenue of more than \$40 million a year, and MoFi earned about \$9 million last year. But the record company has just a handful of full-time staffers and no crisis-management plan. He doesn’t blame the engineers for what happened

“I mean, it was not a well-thought-out plan,” says Davis. “Let’s put it that way.”

The fallout of the MoFi revelation has thrown the audiophile community into something of an existential crisis. The quality of digitized music has long been criticized because of how much data was stripped out of files so MP3s could fit on mobile devices. But these days, with the right equipment, digital recordings can be so good they can fool even the best ears. Many of MoFi's now-exposed records were on Fremer and Esposito's own lists of the best sounding analog albums.

Jamie Howarth, whose Plangent Processes uses digital technology to restore sound and whose work has earned praise for Neil Young and Bruce Springsteen reissues, wishes MoFi had come clean years ago and proudly told its customers that their prized records sounded best because of the digital step. He understands why it didn't. It was terrified of being attacked by analog-or-bust audiophiles.

"One of the reasons they want to excoriate MoFi is for lying," says Howarth. "The other part that bothers them is that they've been listening to digital all along and they're highly invested in believing that any digital step will destroy their experience. And they're wrong."

Wood says that MoFi decided to add DSD not for convenience but because its engineers felt they could help improve their records. He remembers hearing MoFi's reissue of Santana's "Abraxas" in 2016. "My mind was blown when we got the test pressings back," he said.

Wood says MoFi takes great care in capturing the digital file. It won't simply accept a link from a record company. If a master tape can't be couriered to Sebastopol, MoFi will send engineers with their equipment to capture it. Having a file allows them to tinker with the recordings if they're not pleased with a test pressing and make another. He says he is disappointed in himself for not being upfront but that, from here on out, MoFi will properly label its recordings. A revised One-Step card has already been crafted for upcoming releases featuring Van Halen, Cannonball Adderley and the Eagles.

And Randy Braun, a music lover, Hoffman message board member and lawyer in New York, hopes that, in the end, the MoFi revelation will prove what he's been saying for years, that the anti-digital crowd has been lying to itself: "These people who claim they have golden ears and can hear the difference between analog and digital, well, it turns out you couldn't."

Alice Crites contributed to this report.