

BROKERAGE HOOKS UP ARTISTS AND INVESTORS

Copyright Exchange finds buyers for publishers and songwriters who are looking to sell their catalogs.

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Tom Shapiro is easily considered a successful songwriter on Music Row. He's penned 20 No. 1 hits and 50 Top 10s, including *Ain't Nothing 'Bout You* by Brooks & Dunn, Sara Evans' *Perfect* and Trace Adkins' *Hot Mama*.

Airplay and record sales of those songs have brought him creative accolades and financial well-being over the past four decades.

But Shapiro also wants to maximize his wealth. So when Shapiro decided to divest his interests in about 400 of his songs, he turned over the sale to Copyright Exchange, a brokerage that markets catalogs by Nashville songwriters to investors who believe those songs can make back the money - and more - in future royalties.

On his own, Shapiro got only one offer for his catalog. Now, the writer is entertaining several offers from bidders, including a startup music publisher and an oil company.

The asking price is already 60% to 70% higher than the initial bid, and Shapiro is expecting to close on a sale by the end of the month. Copyright Exchange was launched earlier this month by a team including Gary Smith, who sold a Shapiro catalog six years ago.

"Gary can go places I can't go and get more money," Shapiro said. "He has connections, and he knows a lot more. I'm just a simple songwriter."

Diverse group of buyers

Smith's company's online database can promote catalogs beyond the usual market of publishers to far-flung potential buyers such as oil millionaires, tobacco interests, film companies and investment banks.

What Shapiro is selling is rights to about 400 songs he wrote for Sony/ATV Songs between 1998 and 2004. There are two "shares" to publishing royalties: a writer's share and a publisher's share.

As writer or co-writer, Shapiro received a writer's share of royalties from airplay, record sales and licensing of songs for use in movies and television.

But partly because of his success, Shapiro also had created his own publishing company, Wenonga Music, and co-published the songs with Sony, entitling Wenonga to halve the publisher's share as well. That's the part he is selling, while Sony keeps its half.

The catalog includes *Ain't Nothing 'Bout You*, *Perfect*, *No Place That Far*, *Hot Mama* and Jo Dee Messina's current radio hit *My Give a Damn's Busted*. There are also songs that have been recorded but not yet released by Faith Hill and Le Ann Rimes.

Smith and Shapiro wouldn't reveal the asking price but said it's determined by taking the average of

the songs' five top-earning years and multiplying it by a variable of about eight to 10.

In other words, if the catalog made an average \$100,000 during its best years, it should sell for \$800,000 to \$1 million.

That's a standard formula across all genres, although the variable changes depending on market projections and the state of the music business in general.

Financial stability

Copyright Exchange grew out of Smith's work advising artist clients on financial, legal and tax issues through his business management company, Smith, Wiles & Company . The idea is to help artists get maximum financial stability by getting the most from selling their intellectual property rights.

His partners in Copyright Exchange are entertainment business veterans Dwight Wiles, an accountant, and attorneys Craig Benson and Chip Petree. The company gets a 5% to 10% commission on sales.

Smith recalls that in the late 1970s, banks, accountants and law firms didn't want to do business with songwriters because their income was so unstable.

"It was like a leper colony on Music Row," he said, contrasting it with today's 17th Avenue bank branches decorated with guitars and platinum records. "That was the case until the money started getting bigger" with the late 1980s, early 1990s country music boom.

Back then, many songwriters also didn't own their own publishing rights and had little to leverage.

"Co-publishing has created this market," he said. "We're trying to organize this market if we can."