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Everyday Tennesseans can now profit from songwriting royalties

By Steve Wildsmith / steveuw@thedailytimes.com

You don't have to be a hit songwriter — or even have the ability to pen a lyric at all — to make money in the music business these days.

Thanks to changes in Tennessee law and the ingenuity of Nashville businessman Jeff Tweel, state residents of all income levels can purchase shares in songs owned by Nashville Royalty, a subsidiary of the company Music Stock Exchange. Some of those tracks, Tweel told The Daily Times in December, have proven lucrative for the artists who recorded them — Reba, George Strait, Martina McBride, Lee Brice, Conway Twitty and more — and will likely continue to do so for those who own a share of the rights to those songs.

“It's kind of like buying real estate, because you're buying something that's income-producing right off the bat and has a proven history,” Tweel said. “Whereas we're relatively new to the business, all of the copyrights we acquire are at least 16 years old, so the track record is built into the song.”

Nashville Royalty grew out of Music Stock Exchange, a company founded by Tweel and his son, who's an attorney. It was originally intended to be a platform where artists and writers could display their music and have it sold in aggregated shares to third parties; Tweel and his team acted as middle men and brokers to facilitate the buying and selling of publishing copyrights. Even though the venture gained a great deal of attention from both artists and business types, they quickly discovered that SEC regulations prohibited the solicitation of security sales over the internet.

The Jobs Act of 2012, however, deregulated the prohibition of using solicitation to sell securities, and in Tennessee, the Invest Tennessee Exemption made equity crowdfunding legal in the Volunteer State.

“Tennessee became the only state to offer a way around that prohibition, so anyone, if they're a Tennessee resident, can come to our website for example, and make an investment,” Tweel said. “Coincidental of that, we decided to acquire ownership to rights of certain songs; instead of functioning as middlemen, we decided to obtain ownership in as many songs as we could that are iconic songs, No. 1 or top 10 songs by noted artists, and create what basically amounts to a mutual fund.

“The Invest Tennessee Exemption allowed us to create Nashville Royalty and solicit people who can invest in our mutual fund. They can buy single song shares, but the better play is to buy a unit in Nashville Royalty, so you're buying a piece of an entire catalog of songs.”

The minimum point of entry is \$100, and at the moment, the catalog is of modest size. However, Tweel and his partners already have some chart-topping songs by iconic artists — Lee Greenwood's “Ring on Her Finger,” Martina McBride's “Safe In The Arms of Love,” Restless Heart's “I'll Still Be Loving You” and Lee Brice's “Heart of This Town,” for example. And they're constantly looking for opportunities for new purchases.

“Sometimes the writer or rights owner falls on hard times and wants a cash event in their life, and we can offer them a multiple of their yearly earnings depending on what their station in life is at the moment decide to make a move and sell out,” Tweel said. “The general public can't buy the rights to songs any other way, unless you're in the music business as a publisher or as an investor who comes in and learns the business from inside out.”

Sometimes their interest is rebuked; other times, they scoop up songs that might not make savvy investment sense on the surface but can pay dividends down the road, he added.

“Take a song like ‘Safe in the Arms of Love’ — it's been almost 20 years since it was a hit, but we feel like it's due for another life through re-recording or use in TV and film,” he said. “We, having acquired an ownership interest in these songs, are now trying to enhance the value, and if we do that, that 12 percent cash yield for investors could spike dramatically.

“It's just a small way for somebody to feather their own nest, plus it's actual ownership of a little piece of music history.”



Lee Brice

Contact:

Lance Cowan • LCMedia • (615) 331-1710 • lcmmedia@comcast.net • www.lancecowanmedia.com