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Take your royalty checks, SoundExchange begs

Money is piling up from digital music streams, and the nonprofit has to track down artists who don't know.

Then it has to convince them it's not a scam

When John Boydston got an e-mail from SoundExchange saying he had several thousand dollars in unclaimed royalties, he did what most sensible people would do. He ignored it.

To the rock musician from Atlanta, "money for nothing" meant a song by Dire Straits, not a stranger contacting him out of the blue promising to cut him big checks.

But then he got the message again six months later. Curious, he called SoundExchange.

"Sure enough, they had a sizable amount of money for me," said Boydston, 51, whose band Daddy a Go Go includes his two teenage sons. "It was several thousand dollars. That's not a ton of money. But for a guy who makes CDs in his basement, it was enough to finance my next album."

Boydston's money came from royalties that SoundExchange has squirreled away on his behalf since 2001, when Congress created the nonprofit to collect royalties from digital music streams on Internet, satellite radio and cable television. So far, the group has distributed about \$360 million to more than 45,000 artists and copyright holders.

But at any given time, about 25% of the money SoundExchange gets from online music services such as Pandora, XM Radio and Last.fm can't be distributed because the artists can't be tracked down. Currently, that amounts to about \$50 million. And with the rising popularity of Internet radio, the cash pile has been growing, said John Simson, SoundExchange's executive director.

The problem stems from what Simson calls "bad data." Music services have been required by law since 2001 to send royalty payments to SoundExchange for the songs they stream online. But they often provide scant details. Stations routinely get promotional discs in the mail that aren't properly labeled, so the performers often go uncredited. Other times, music services keep sloppy records of the songs they play. Some tunes, for example, are titled "Unknown" and performed by "Various Artists."

"We have this inside joke that if you want to make millions in the music business, just form a record label called Unknown and a band called Various Artists, and before you've even recorded a track, you can collect millions of dollars," Simson said.

The problem primarily hits niche artists and older performers whose works are less widely recognized. Boydston, for instance, has self-published six children's rock albums over the last decade. He estimates that he's sold 30,000 discs in total.