



Life and Times of S. Carter

October 28, 2010 by Bob Tarantino

John Jurgensen in the *Wall Street Journal* has written a fascinating piece on the business practices which have made Shawn Carter (occasionally referred to as Jay-Z) once of the richest music moguls in the world: [The State of Jay-Z's Empire](#).

Jay-Z is notable not just for the breadth of his business activities (from book publishing to sports team ownership to executive roles at music labels), but for the savvy manner in which he structures the deals he enters into:

Jay-Z's music career began in 1996, when no major labels wanted to sign the 26-year-old local rapper. He and two partners formed an independent label, Roc-A-Fella Records, by necessity. That move eventually strengthened his bargaining position. Mr. Liles, who was an executive at the iconic rap label Def Jam, recalls Jay-Z declining an offer of a traditional signing deal. "He looked at me and said 'I own the company I rap for.'" Instead, **Roc-A-Fella entered a joint venture with Def Jam.**

... In 2005, Jay-Z took the job of president and CEO of Def Jam while rival labels courted him. What clinched the deal with the label—by then owned by Universal Music Group—was **a contract clause giving the rapper full ownership of his past recordings for Def Jam. These rights revert to him starting in 2014.**

... By the time he left Def Jam in 2007, he had begun quiet negotiations with Live Nation for his next move. ... **With financing from Live Nation that included about \$25 million up front and \$5 million annually in overhead, the rapper started Roc Nation, an umbrella for his own output and an incubator for new talent.** In exchange, Live Nation shares in all new business done by Roc Nation. That ranges from a percentage of potential "Decoded" earnings to publishing revenue from the songwriter Philip Lawrence, a Roc Nation signee who has had two No. 1 songs this year, including "Just the Way You Are" by Bruno Mars.

Diversification of revenue streams, in other words, is a project not just for business ventures in the music industry, but for individual artists as well.

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