

VARIETY

Metallica and Co-Manager Joining Multimillion-Dollar Venture Buying Song Catalogs, Other Intellectual Property

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Worldwired Music IP Fund, headed by former Morgan Stanley investment banker Paul Donahue, will have \$300-\$500 million, also includes former Fender president Matt Janopaul and ex-Sony/ATV co-president Rick Krim

Metallica and longtime co-manager Cliff Burnstein are among the parties involved in an intellectual-property acquisition venture that is being headed up by former longtime **Morgan Stanley** investment banker Paul Donahue, two sources close to the situation confirm to Variety.

The source emphasized that the venture, which is called Worldwired Music IP Fund and will have resources in the \$300-\$500 million range, is not being led by the group or Burnstein — even though Worldwired is the name of the **band's most recent tour** — although they are among the parties involved in it, which sources said also include former Fender president/COO Matt Janopaul and former Sony/ATV co-president Rick Krim. The venture will include song catalogs as part of its portfolio, which one source said is likely to include — but not be limited to — classic rock catalogs.

The other involved parties were unclear, but a source said that “meaningful resources” are behind it. The source could not clarify which other types of intellectual property assets the new venture will focus on. Reps for Metallica, Burnstein and Q Prime Artist Management, and Donahue declined or did not immediately respond to Variety’s requests for comment.

Donahue was with Morgan Stanley for 32 years and was head of its equity capital markets in the Americas from 2006 until May of this year, where he was one of Wall Street’s top IPO bankers. He remains a special adviser to the company. He also has an ownership stake in Fender Guitars and has been acquainted with Metallica and Q-Prime executives since the mid-1990s; he is an advisory board member of the band’s All Within My Hands charitable foundation and has been a board member of the music industry charitable organization the T.J. Martell Foundation since 2003.

A source stressed that the venture was not directly inspired by the start-up **Hipgnosis Songs, which has spent over \$1 billion** buying up hit songwriter and producer catalogs in just

two years, however, that company has certainly proven — and driven up — the value of song catalogs. Hipgnosis, which was cofounded by former Elton John/ Beyonce/ Iron Maiden manager Merck Mercuriades, has purchased catalogs from songwriters and producers including Timbaland, Eurythmics’ Dave Stewart, The-Dream, the Chainsmokers and several dozen others.

While music publishing and other forms of intellectual property have long been viewed as recession-proof and have long been a lucrative area of the business, the coronavirus pandemic — which has shut down touring, the financial engine of the music industry, almost completely — has only amplified that perspective.

Metallica are one of the most important and influential bands of the past 40 years, and are also one of the most financially successful — due in no small part to Q Prime, which was co-founded by Burnstein and Peter Mensch and began managing them in 1984. The group rose to superstardom as sales of CDs — the most lucrative format of recorded music — were beginning to boom, and has toured every year of their existence except 2020 (although they have several dates on the books for later this year). According to Pollstar, at the time of Metallica’s most recent performance in September, the group had sold 22.1 million total tickets and grossed some \$1.4 billion since 1982, putting it in the top class of touring acts, along with the Rolling Stones, U2, Taylor Swift and Ed Sheeran.

And that’s just touring — the group’s income from streaming, merch and physical sales is formidable, not least because in 2012, the group assumed control of their master recordings and formed their own label, Blackened. Run between Q-Prime’s offices and Metallica’s HQ, the label handles their new releases through a distribution deal with Warner’s Rhino Records as well as catalog, which regularly sells in the high six figures each year.