

Making That Money



For music executives like Kevin Liles, of the hip-hop label 300 Entertainment, the pandemic has mostly made a good life better. A lot of musicians, however, are experiencing something different

**By Devin Leonard
Photograph by
Heather Sten**

Since the pandemic began, Kevin Liles has been running his New York record label, 300 Entertainment, from the patio by the swimming pool at his home in suburban Cresskill, N.J. Early one afternoon in January he's there, smoking a cigar and conducting a staff meeting on Zoom. He doesn't seem to notice that it's started to snow. Sitting at a table near a blazing open-air fireplace, clad in a red hoodie and a green beanie with a pompom, Liles pelts his employees with questions about the performance of a potential hit, *Play w/ me*, by Bailey Bryan, a country singer turned edgy pop chanteuse. She's scheduled to perform it on *The Late Show with Stephen Colbert's* YouTube channel. Liles wants his promotions people to flog the tune harder to keep the streams coming.

Then Liles has what he later describes as a moment of divine inspiration. He tells his people that during this time of Covid-19, protests against police brutality, and the storming of the Capitol by Trump-inspired goons, they should reach out to one another and make sure nobody is having mental health issues. Ending on that note, he hurries upstairs to grab something in his home office, a large space with pictures of himself with Oprah Winfrey, Bill Gates, and Barack Obama. As he walks he starts another call, with his chief financial officer. "When God talks to me, I gotta say something!" Liles tells his CFO.

He heads out the front door and climbs into his black SUV with his assistant, Keely Higgins, and driver, Willie Melendez. The 53-year-old Liles, who has a shaved head and a toothy smile and operates within a zone of can-do-ism, settles into a seat behind them. He produces a tin of cinnamon Altoids and begins munching several at a time. "I just did this speech to the staff, and I probably got 20 texts right now," he says, gazing at his phone. "I'll read them to you. 'I just gotta say it. You're talking to us!' 'Thank you for saying this!' 'Amen!' 'Appreciate you!' 'Great talk!'" Liles chuckles. This is someone who says his company can be "cultish" at times—hopefully in a good way, he adds.

For all of its unsettling moments, the past year has been pretty good for record company executives such as Liles. They were distressed early on in the pandemic when streaming consumption dipped. Then they watched, slack-jawed perhaps, as it jetted upward. Spotify Technology SA, the world's largest paid streaming music service, ended the year with 345 million monthly users, a 27% increase from 2019. Apple Music, the No. 2 service, saw its subscribers climb to 79 million, 32% more than the year before, according to Bloomberg Intelligence. That would have been an excuse for record labels to throw parties, if parties had been permitted. Last year, Spotify paid \$5 billion to music rights holders, almost 80% of which went to record labels. Morgan Stanley estimates that global consumer spending on streaming music rose to \$19 billion, an 18% gain. "Music is on fire!" says Daniel Glass, founder of Glassnote Records, another respected New York-based label.

That definitely includes 300 Entertainment. One of the label's biggest hip-hop stars, Young Thug, had 16 songs last year in the Billboard Hot 100. One of Young Thug's protégés, Gunna, had his first No. 1 album, *Wunna*. In November, 300 released *Good News*, the debut album by proudly licentious rapper Megan Thee Stallion. She was nominated for four Grammy Awards and won three at the ceremony in March. As the holidays approached, *Billboard* magazine named Liles R&B/hip-hop executive of the year.

Liles also had to minister to the 300 hitmakers who were suffering financially because they were unable to tour. He's off to see one of them now: the New Jersey rapper Fetty Wap, who put 300 on the map with his 2015 hit *Trap Queen*, a drug dealer's ode to his beloved. It remains 300's biggest seller, having been certified by the Recording Industry Association of America as a diamond record in late 2019. (A diamond record used to be one that had sold 10 million copies.

Because most music, including almost all of 300's music, is streamed, the RIAA employs a formula whereby each 150 streams counts as a unit sold. So *Trap Queen* is likely to have been streamed as many as 1.5 billion times.) Liles wants to belatedly celebrate this milestone by paying Fetty Wap a visit at his recording studio and surprising him with an enormous plaque. "I'll call it another therapy session," he says. "You know what I mean? But in reality, it's also one for me."



Young Thug Gunna



Megan Thee Stallion

started spending time with Liles in the last weeks before the pandemic, in February 2020. I'd been assigned to do a story about what it was like to be a record label executive now that the industry was once again booming, thanks to streaming, which the RIAA says accounted for 83% of last year's U.S. music sales. This uptick followed a decline that started in 2000,

around the time listeners figured out how to rip CDs on their computers and share the music for free on the internet. It wasn't until 2016 that the industry began to thrive again.

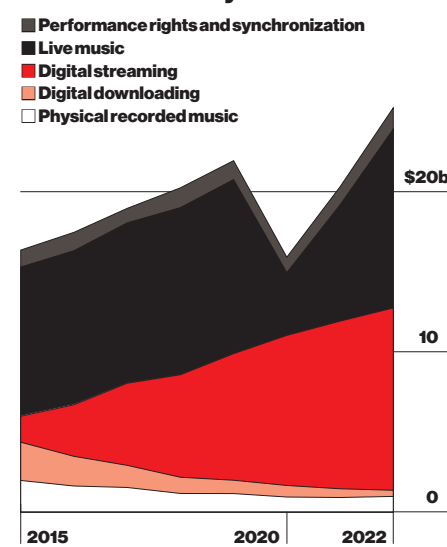
I wanted to find a survivor, and Liles was certainly one. He started out in 1991 as an intern at Def Jam Recordings, the seminal hip-hop label, in the early days of the CD boom. He was promoted to mid-Atlantic manager two years later, riding tour buses with persistently baked stars such as Method Man and Redman, getting them to radio interviews and concert stages as close to schedule as possible. He ingratiated himself not only to radio and TV programmers but also to proprietors of restaurants, barbershops, and nail salons, the sorts of people who could be counted on to play Def Jam's records and post its flyers. "He had every relationship," says Julie Greenwald, a former Def Jam executive and now chairman of the Atlantic Records Group. By 1998, Liles was president of Def Jam.

In 2004, after being passed up for the CEO job, Liles left to become an executive vice president for the Warner Music Group. But it wasn't as much fun. By then the industry was in a tailspin that seemed irreversible. After five years, he left to start a management company catering to musical artists and others, including Nascar driver Darrell "Bubba" Wallace and a Victoria's Secret model. "I thought I was done with music," Liles says.

He was mistaken. In 2014 he and some of his fellow Def Jam alumni, including Lyor Cohen, now YouTube's global head of music, were inspired to start 300, which took its name from the gore-spattered hit film about the band of Spartans who held off an invasion by the entire Persian army at Thermopylae. Monitoring the internet, they stumbled on Fetty Wap, right when streaming was catching on and the music business was coming back to life, and 300 took off. "What's crazy to me is I'm having the best time of my life," Liles told me during one of our pre-pandemic interviews.

People weren't buying music anymore. They were essentially renting

U.S. music industry revenue



2019 NUMBERS ARE PRELIMINARY; 2020-22 ARE PROJECTIONS. DATA: PWC'S "GLOBAL ENTERTAINMENT & MEDIA OUTLOOK" REPORT (WITH DATA FROM PWC, OMDIA, RIAA)

from Spotify and Apple Music (and, to a lesser degree, Amazon Music, Pandora Media, Tidal, and others). In the age of streaming, music consumption was increasingly driven by these services' playlists, some compiled by algorithms and others by professional tastemakers. But as far as Liles was concerned, the business was still all about relationships. Many of the top executives at these services were people he'd schmoozed for years when they worked at record labels and music video channels. Liles boasts it helps him get 300's artists greater playlist exposure. "Music is supposed to touch your soul," he says. "An algorithm doesn't have a soul. But the person who controls the playlist has a soul." The life of a record company executive remained enviable, too. He attended concerts, parties, fashion shows. And he continued to nurture artists, for whom he often played a fatherly role.

In February 2020, I had lunch at a Park Avenue barbecue restaurant with Liles and a rising Atlanta rapper on the label named Lil Keed. Quick to hug people whether he knew them or not, Lil Keed, who was then 21, sported a diamond-encrusted necklace with the initials of his first album, *Long Live Mexico*. His single *Nameless* had recently

gone gold, meaning it could have been streamed as many as 75 million times. Liles and Lil Keed migrated to a corner table, followed by one of the rapper's managers, a stylist, and a publicist from 300. Lil Keed ordered a plate of ribs and disclosed his ambitions. "A household name," he declared. "I want to be a household name."

Liles, his foot tapping excitedly beneath the table, said 300 could get him there. Lil Keed just had to keep working on his music.

Lil Keed was grateful that 300 had given him money to build a recording studio in his house. "What if I get a thought in my head at 4 o'clock in the morning?" he asked. "I need to put it down!"

"We can do that because he's responsible," Liles said to Robert Lee, the manager. "But if he wasn't responsible?" He and Lee chuckled knowingly.

The food arrived, and Lil Keed dug into his ribs. "They're guiding me through everything," he told me. "Don't nothing get past them."

"The good and the bad," Liles said. "Mostly good, though," Lil Keed said. "Always, always good. But I'm still learning."

Soon it was time to leave for a photo shoot. "Oh man, those ribs were so good," Lil Keed said, standing up and stretching.

"You need a Wet One for your hands?" Liles asked.

"Yeah, you got one?"

Liles handed Lil Keed a moist towel. As it turned out, such routine interactions would soon be a quaint memory.

Willie, you crazy, man," says Liles, scolding Melendez as he weaves in and out of traffic on the way to Fetty Wap's studio. "You don't have to chase the car."

As the shopping malls and housing tracts of New Jersey fly by, Liles talks about what happened when the pandemic started. Working from home wasn't so bad for him. He'd spent years leaving his house early in the morning ▶

◀ and not returning until long after midnight. Now he was seeing his two daughters more. He was also spending more time on the golf course, and his handicap was falling.

And sales—that is, streams—were good at 300. The challenge for Liles was keeping his people motivated. His youngest employees were stuck in tiny New York apartments. Some came down with Covid; others lost friends to the disease. Liles encouraged those who felt stressed to see a therapist, pledging that the label would pick up the bill. He started talking to one again, too.

The pandemic was more painful for many of 300's artists, who had to cancel the tours that provide a big chunk of their income. Liles says most of his company's signees have played virtual concerts to pay bills, but there's a limited audience for such fare. "You can only do that so many times," he says. The company made sure the artists had home studio equipment so they could keep recording while they were marooned. It also supplied some with gaming consoles to show its appreciation. "In general, they're good," Liles says. "But they're human beings. They're going through their personal stuff, too."

It's around 2 p.m. when Melendez pulls the SUV up to the studio at a commercial strip in gritty Clifton, N.J. "Do you want me to run in and make sure everything is good and come back and get you?" Higgins asks Liles.

She returns with bad news. "We don't know when Fetty's going to show up," she says.

Liles puts on a mask, equips himself with more Altoids and a Coke Zero, and heads up to the second-floor studio. Some of 300's other executives are milling around. Liles does some fist-bumping and retires to a black leather sofa in the main room.

The conversation turns to the other major event in 2020 for Liles: the killing of George Floyd in Minneapolis on May 25. This wasn't something he could sit out in Cresskill. He marched in Black Lives Matter protests in New York. He tried to explain the ugly history of police brutality in America to his

young staff members on Zoom. Liles could speak from experience: In the mid-1990s he was pulled over by police while driving down Sunset Boulevard in Los Angeles with another record company executive and Redman. He was soon lying facedown on the street with a gun pointed at his head. The officers got a call that they'd stopped the wrong car and released the three.

What did his youthful staff members make of that? Lounging on the sofa in the studio, Liles turns to Deneil Mullings, a 300 publicist waiting with him. "Deneil," he asks, "what's your response when I talk about social responsibility, when I talk about George Floyd, all these things that have happened?"

Mullings looks startled at first by the question from her boss. "These things have been going on for years and years," she says. Then she addresses me: "Kevin encourages us not to sit and be sad about it, but to actually do something."

It's another 45 minutes or so before Fetty Wap rolls in with his entourage of almost a dozen people. The rapper, who has long reddish dreadlocks and is dressed in a Los Angeles Raiders cap, a black hoodie, and black cargo pants, seems melancholic. Covid made him cancel his 20-city *King of the Zoo* tour in the spring.

Liles greets Fetty Wap in the pantry and pretends he's just there for a social call. Then he leads him into the main room, where some 300 employees have smuggled in the plaque honoring *Trap Queen*. "I always say, 'God's gonna show you a silver lining, in the pandemic, all the police brutality,'" Liles says. "This is the silver lining."

Fetty Wap seems genuinely surprised. He mumbles that if he'd known this was going to happen, he would've worn better clothes.

There are calls for Fetty Wap to give a speech, but he ignores them. He's trying to reach his mother on FaceTime. She doesn't answer. So he reluctantly addresses the 20 or so people who have crowded into the studio. "I ain't really good with the speeches," he says. "I'm just happy as hell." He goes on to thank the folks at the label, his attorney,

and everybody in his hometown of Paterson, N.J. "I gotta promote my city," he says.

Liles and Fetty Wap are being photographed in front of the plaque when the rapper's mother calls back on FaceTime. Fetty Wap has her on speaker so everybody can hear. She's more effusive than her son, recalling the hard times he endured growing up. "You had to beg for money to get a chicken breast," she says, sobbing. "You had to beg for money to get on the dollar bus. That's a thing of the past. We have several cars. We have several places where you can lay your head. You are amazing, positively amazing. You're the king of the zoo. God has answered my prayers for my baby boy. I love you."

"I love you, too," Fetty Wap says, starting to cry.

Everybody in the room applauds.

"I'll see you later, Mama," he says.

Liles praises his artist for letting everybody in on this intimate moment. "Guys," he says, "Fetty didn't have to share that with us. I don't know why he did, but you know? He wanted all of us to know this wasn't for him. It was for her. So make sure you take that home with you."



Fetty Wap with his *Trap Queen* plaque

PHIL CHONKLEGE PRODUCTIONS

It's one thing to wait out the pandemic with real streaming money like Fetty Wap. It's different for the vast majority of artists whose songs get streamed less. Deprived of their touring income, many have taken a harder look at what they describe as their paltry recorded music income. Since October more than 27,000 musicians, including critics' favorites such as Jay Som and Empress Of (aka Lorely Rodriguez), have signed a petition prepared by the Union of Musicians and Allied Workers, calling for Spotify to increase its royalty payments so artists have a better chance of making ends meet. Damon Krukowski, drummer for the influential early-'90s alt-rock band Galaxie 500 and a vocal agitator on social media, says the service pays independent labels an average royalty rate of 0.0038 per stream. That's \$3,800 per 1 million streams. "It's not saving the music industry," he says. "It's killing artists." By contrast, Apple Music pays an average royalty rate of a penny per stream. (On a website it created in March to explain and defend its practices, Spotify said it understood that artists "found it useful to calculate an effective 'per-stream' rate," but it didn't think it was "a meaningful number to analyze.")

Older stars have been quieter. One exception is David Crosby, best known for his work with the Byrds and Crosby, Stills & Nash. The 79-year-old singer-songwriter has been enjoying a period of late-career fecundity, making five albums in six years, including one that will be released in May. He's proud of his productivity, but unlike in the days of vinyl and CDs, it's not making him much money. "Half of our income used to be from records," he laments. He calls the money he gets from streaming "a dribble."

Crosby has kept a roof over his head by staying on the road. He had three tours scheduled last year and had to abandon them all. With no touring income, he couldn't pay the mortgage on his home in Santa Ynez, Calif. So he sold the only thing of musical value he still owned: his songwriting catalog,

“How long have you been hearing that people don't make money off record sales? This is not a streaming thing. This is 100 years old”

including *Wooden Ships*, *Almost Cut My Hair*, and other classics. "Did I want to sell it? Hell, no!" Crosby says. "Like all the other music artists I know, I've been screwed by the current situation. Now, I don't think the record companies agree, and I'm sure the streaming companies wouldn't agree, but for musicians, it's been terrible."

He says he knows of 20 other musicians who are considering selling their catalogs under similar duress. "They're all doing it for the same reason, man," Crosby says. "They're all against the wall. We can't work. We're out of business. The factory's closed." He worries that talented younger musicians will abandon their careers because there's so little money in it. "It's not OK," Crosby says. "It's capitalism gone awry."

What does Liles make of such complaints? He says he empathizes. As a teenager in Baltimore, he aspired to be a rapper. He and four friends wrote a tune in 1985 titled *Girl You Know It's True*. It was a hit, not for them but for Milli Vanilli. As it turned out, the dreadlocked duo who didn't sing the title cut from their multiplatinum 1989 album also didn't credit or pay the

songwriters. The Baltimore kids had to sue to get their royalties.

At the same time, Liles is a label executive, and he says that what artists need in a changing business is someone like him. Artists sometimes fail to appreciate what record companies do for them, he says. No, they can't tour in the pandemic, but the reason they were able to tour at all was that a label shrewdly invested in promoting their music. And can you get yourself on those streaming playlists? Probably not. The industry is still about connections.

"Think about it," Liles says. "How long have you been hearing that people don't make money off record sales? This is not a streaming thing. This is 100 years old."

The speakers are booming out some of Fetty Wap's new songs. The studio smells of weed. Liles bids his artist farewell, descends the stairs to the street, and climbs back into his SUV. "Ah, another day at the office, baby," he says, pulling the door shut.

It's a chilly evening in Clifton, but his day isn't over. Liles has a work dinner at a steakhouse near his home. He has a call scheduled to discuss a Black History Month event. He'd also really like to smoke another cigar sooner rather than later. He asks Melendez how long it will take to get to the restaurant. "We'll be there in 18 minutes," Melendez says. "But I could shorten that." Liles curtly informs him that won't be necessary. Melendez heads off at a reasonable speed while Higgins makes some calls looking for a cigar bar where her boss might be able to relax and smoke. It isn't easy with so many places still closed during Covid.

Liles reclines in his seat and talks about another of his pandemic pastimes. He's been watching documentaries chronicling the lives of other music industry executives. He recently watched films about Quincy Jones and Clive Davis, both of whom are in their late 80s. If they haven't called it quits, Liles figures he has a few more decades to go. "Quincy's still doing it," he says. "Clive? You know what I mean? I don't know if I'll ever stop." **B**