



Why EME's Wizkid is Stuck with his Alleged BAD 7 Album Record Deal, Plus Rapper Chief Keef's \$6Million Interscope Deal (ANALYSIS)

As Nigerian artists on the

continent continue to dream and push aggressively to enter the Western music markets, especially

America's, there has never been a time so crucial to discuss the legal pitfalls of such moves for the unwary artist.

Indeed I have discussed some of these pitfalls in many of my prior articles on www.africamusiclaw.com, with an emphasis on the D'banj/Kanye West G.O.O.D music deal. Nevertheless, we have another good case to underscore my message of being cautious and reading the dotted line before you sign any legal agreement with a record label. It is the recent case/debacle currently unfolding between one of Nigeria's respected record labels Empire Mates Entertainment and its artist Wizkid. Before we get into the Wizkid facts, be advised that there is a blue print that we can follow to compare and contrast what a fair record contract looks or should look like.

Our example comes from the recent \$6million Interscope record contract deal signed by seventeen (17) year old artist Chief Keef. Interscope is a California based company. The deal terms have been made available to the public in a Cook County Chancery Court filing in Chicago thanks to the fact that Keef is a minor.

In California, when an employer hires a minor (persons under 18) in the entertainment industry, a court approval is required. The statute (law) is called the Coogan Act. The act also requires that an employer set aside 15% of the gross earnings earned by the minor, into a trust fund, which is managed/controlled by the minor's trustee until he/she becomes of age.

Chief Keef's Interscope Record Deal

1. Chief Keef signed a 3 album-record contract deal
2. Chief Keef also has a separate three year contract to establish and control his own record label, 'Glory Boyz Entertainment' (GBE), which would be a subsidiary of Interscope Records. This second deal could, according to court records, fetch him \$6million.
3. For his GBE Deal, Interscope paid Keef a \$440,000 advance. His manager also receives a \$180,000 advance payment. Chief Keef and his manager each own 40% of the GBE and the other 20% is split between Keef's GBE artist, his uncle and another individual.
4. The GBE contract requires that interscope pay \$200,000 in overhead expenses i.e. the costs associated with running the label GBE.

5. For the GBE label, GBE and Interscope would split profits equally. Interscope, however, can terminate the GBE deal if losses exceed \$4.5million.
6. Independent of the above, Interscope has agreed to pay Chief Keef an advance fee of \$440,000. 15% of the aforementioned advance, because he is a minor, must be deposited into a trust fund aka "blocked trust" where it will be controlled by his grand mother until he turns 18.
7. Interscope also provided \$300,000 advance (recording costs) for Chief Keef's recording of his album "Finally Rich."
8. Chief Keef's direct record deal with Interscope is conditioned on the success of his album. If Chief Keef does not sell 250,000 units of his album by the end of December 2013, then Interscope can decide not to release his subsequent albums and compilation.

Chief Keef has other legal problems namely criminal action against him. He is currently locked up in a Juvenile detention center (jail for young people) and he has been sued by a woman in family court for child support. His extra legal shenanigans, however, exceed the scope of this article. We are focused, for all intended purposes, on actions that put monies in our pockets, not the ones that steal our freedom and have us involved in baby mama drama. So, let's get on with it and look at Nigeria's Wizkid and his deal with the Nigerian based record label EME.

Wizkid's EME Record Deal

NOTE: Unlike Keef's, the terms of the Wizkid EME deal are alleged. It is based on insider talks and news stories that have flooded the internet within the past year alone. It may or may not be true. For our informative and educational purpose, however, it is irrelevant whether the facts are true. In fact, I am treating these facts as hypothetical facts, except where noted as true, to drive home the underlying point on the need to read your contract before you sign it, to avoid legal pitfalls like those that may find themselves under the same alleged factual situation like Wizkid. Keep this in mind as you read my analysis.

1. Wizkid is a Nigerian citizen (true fact)
2. Wizkid is a self proclaimed "studio rat." As early as 11 years old, he was already singing.
3. By 2006, he got his break with Nigeria's famed artist OJB (true fact)
4. In 2009, at 19years old, Wizkid got an even bigger break when he began working with Nigerian-American R &B super star Banky W's Empire Mates Entertainment Record label. (True fact)
5. Wizkid already put a lot of the hard work on the talent side before he met EME. From 2009 onwards, EME focused on the branding, artist development, marketing and promotions of Wizkid. (True fact)
6. Within and outside of Nigeria, there was NO LEGAL CONTRACT signed between EME and Wizkid. (Alleged)

7. About March 2012, when fans and the public screamed in excitement about the EME Wizkid UK Tour, Wizkid still did not have a legal contract. However, as a condition to perform in the UK and to get visas granted, the hosting country (UK) required a record contract evidencing Wizkid was signed to EME. EME, in a rush, put a contract together for Wizkid. (Alleged)
8. The EME-Wizkid contract (the first signing of a record deal) had a term requiring a **7 album deal**. They promised this contract will be amended to the “real contract” later. (Alleged)
9. Wizkid signed the 7 Album contract, without reading the terms. (Alleged)
10. Prior to the signing, monies were split between the two in a 50/50 way i.e. monies made from concerts/ tours were split evenly. (Alleged)
11. In April of 2012, EME announced a joint deal, in a press statement, with Akon’s Konvict. EME claimed Akon would “produce and releas Wizkid worldwide” while EME managed Wizkid in Nigeria. (True Fact)
12. Before we could blink, all of a sudden, Wizkid signed a management deal with Tinie Tempah in the UK. Really? (True Fact)
13. Banky W & EME allegedly never negotiated or agreed to such a deal. Wizkid directly negotiated and signed with Tinie Tempah. (Alleged)
14. Wizkid fronts his own label “Star Boy” under the blessings and umbrella of the EME label. (Alleged)

15. As it stands, the relationship between the EME crew and Wizkid has deteriorated to the point where Wizkid no longer speaks to members of the EME team, including Banky W. All correspondences are filtered through his new manager Godwin Tom (Alleged).
16. Wizkid wants more money and he wants out i.e. reduce the 7 Album deal. He feels slighted because EME promised they would sign a new contract with him and now they want to hold his feet to the fire on their 7 album contract. (Alleged)

AML artists, now what? If you find yourself stuck in such position based on the alleged facts like Wizkid, what do you do?

1. **Should You Sign a 3 Album or a 7 Album Deal?**

As an artist, signing a 7 Album record deal is generally a very bad idea. A label signing you to a 7 album deal typically means they will allow you to submit/deliver one album worth of music to them. They then have the **option** to produce your #2-7 album, if they feel like it. If they don’t like your work, guess what, they don’t have to release it. This has the effect of keeping you as a bench warmer on their roster with nothing to write home about.

Assuming the label likes your work, you are very successful like Wizkid but you are just ready to move on because you have matured, you are no longer in that space when you signed with the label i.e. a teenager, you are now a man and you want to develop a new sound, image etc. Guess

what, you don't have much of a choice. You are stuck with that album deal you signed. The can keep exercising their option, with no room for renegotiating your contract, and it can take easily twenty years or more to produce those seven (7) albums. You are simply stuck, unless of course you breach your contract and risk being black listed, or going through a long drawn out legal war and high legal fees in court.

How many examples of artists have we seen go through this kind of drama with their labels? There are simply too many to count.

2. Does it Make Sense to Have Your Own Record Label like Chief Keef & Wizzy?

It is always good to consult with your lawyer and your accountant for questions like these. From a tax perspective, as a business owner, whether in Nigeria or the USA, there are benefits in setting up your own record label, however small. In addition, if you are about wealth building, you can't continue to just make money for your bosses with no return on investments. You have to plan for your future, your family and your life.

Fashion models, athletes, musicians, actors and actresses are all creative talents that have very short shelf life. Your ability to think outside the box and diversify your stream of income ought to be your number one priority. A good example of this is M.I Abaga. M.I has his own label Loopy Records. He also has a thriving website magazine called Miabaga.com.

Beyond his endorsement deals, he has and continues to look for various ways to increase his bottom line and secure his future.

Therefore, your decision to front your own record label is one you should evaluate on a personal level and consult with the right professionals (lawyers and accountants) to help guide you.

3. Am I Required to Return the Advance I Receive from a Label like the Chief Keef Scenario?

- a. Yes. Your advance is recoupable by your label, including the advance for your recording costs, as in the Chief Keef scenario.
- b. Also note that you should evaluate your contract to understand the royalty structure and the publishing income (if you are a songwriter) that you will receive.

4. Does it Make Sense to Sign Three Deals with Three Different Companies Like Wizkid?

Wizkid is signed to Akon/Konvict through EME, Disturbing London and EME in Nigeria.

Banky W, EME and Wizkid, in my opinion, are all suffering from a big case of inflated egos, beyond the fact that their actions make no sense and have put them where they are right now. They both have everything to lose, assuming the facts are as they are alleged. First, label owners, I have heard many of you say the following: *"I put XYZ into him/her. If not for me, him/her would not be where they are."* Please get over

yourselves. Your artists are not your charity cases. They are calculated risks you take as business owners with hopes that you get a good return on investments. Don't get all emotional about the situation or vindictive when an artist wants to leave. Plan in advance for such exits and don't rely too heavily on one artist to front your label. As to Wizkid's three deals, it is not making sense. Akon represents and manages Wizkid worldwide. What is Tinie Tempah doing in the picture? It just shows the crack in the EME house.

5. What Happens if I Breach my Contract in a Scenario Like This?

- a. There are legal ramifications for breaching your legal contract with your label. You should visit your lawyer, first, so you understand the implications and be prepared to deal with the consequences if you choose that route.

For starters, your label can sue you. In Nigeria's scenario, we are yet to see a label, with the exception of 1-2 labels, drag an artist into court for breach of contract. What typically happens is that the artist is black listed. Further, those bold enough to try to do business with the artist are sent cease and desist type letters warning of tortious interference with their contractual relations. The warning is usually strong enough for many to stay away.

- b. In Wizzy and Banky W's situation, they need each other. Banky W needs to recoup on his investment and Wizkid can't afford to fall off the face of the earth, just yet. Tinie Tempah can only do so much for Wizzy, especially in his home base, Africa. Both EME and Wizkid must necessarily work this situation out.

They should do so by talking, first. In any relationship, when one party stops talking, not only is it very painful to the other person who seeks to communicate, it almost guarantees that you will reach an impasse quickly, and ultimately, complete deterioration of the situation. Therefore, most skilled negotiators know you want to keep people talking where your interest or that of your client is at stake. The two must talk. They must lose the big ego, think about all of the hard work they have both put in and sit on the humility chair for the greater good of their pocket books, their sanity and the industry at large.

If they refuse and Wizkid walks out, as it appears all news reports and insiders are buzzing about, EME can definitely sue him. When that happens, Wizkid certainly can make the argument he was forced to sign a contract under duress, given the alleged circumstances surrounding his signing of the alleged 7 Album deal. Whether that will fly as a defense to his contract is a write up for another day.

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For more information about her and the topics she writes about, visit www.africamusiclaw.com.

Resource: www.DNAinfo.com for the Chief Keef Contract Details.