PARAMOUNT, RCA/COLUMBIA INDIE DEALS

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ment's new releases, as well as its catalog, as part of a five-year agreement between the companies. The deal will add 24-36 new titles to Paramount's release slate annually, according to Prism president Barry Collier.

Meanwhile, RCA/Columbia is scheduling as many as 100 titles for release next year, according to sources familiar with the company's plans. That would be well above the 20-25 titles the major studios have been releasing in each of the past few years. The exact number may be contingent on RCA/Columbia's completion of a widely rumored distribution deal with Trans World Entertainment.

RCA/Columbia president Paul Culberg has confirmed an unusually heavy release slate for 1990, but declines to put a specific number on it. He also declines to comment on the Trans World deal.

$5 MIL LINE OF CREDIT TO PRISM

Under its agreement with Paramount, Prism will continue to acquire and develop programming. Paramount will be responsible for all sales and marketing. In addition, Paramount will extend a $5 million revolving line of credit to Prism to be used for acquisition of films. Paramount will receive warrants to purchase up to 500,000 shares of Prism stock at $5 per share. Prism currently has 2.2 million shares outstanding, meaning Paramount would own roughly 23% of the company if it exercises those warrants.

"The addition of the Prism titles will increase our market share," Paramount senior VP/GM Eric Doctorow said at a press conference here to announce the deal. "We are exploiting an asset that has not been fully exploited—our distribution capability." Doctorow said Paramount will "make [itself] available to other companies where we feel it is appropriate. But we are not putting a 'for rent' sign on our distribution system."

He did disclose whether any specific, additional distribution deals are in the works. Last year, Paramount signed a distribution agreement with Full Moon Entertainment, giving the studio a minimum of nine films over two years.

RCA/Columbia has been aggressively acquiring product from independent producers for release on video in 1990 and beyond, according to industry sources. That product, plus a substantial portion of the Columbia Pictures library that has never been exploited for video, will provide the bulk of the increase in RCA/Columbia's release schedule.

"I think what you're seeing is a realization of the proper semantic," Culberg comments. "Instead of looking at us as manufacturers, the name we've generally been given, we should be looked at as distributors. That's what our parent companies have essentially become. That's what we do."

AN EARLIER STRATEGY

Ironically, the expanded release schedules planned by major suppliers represent something of a return to the strategy pursued by most of the studios in the early days of the industry. In the early to mid-1980s, it was not uncommon for the majors to release eight to 10 movies a month, as they worked their way through their parent companies' libraries and picked up outside product for video distribution.

As independent video suppliers proliferated, however, and the amount of product released to the market each month increased, the studios began to scale back their own release slates.

"I think it is true that the majors are moving back toward releasing more product," Culberg says. "You can look at certain companies no longer being effectively in the marketplace. Nelson is very light, Prism has had limited success, Vestron and DEG are gone or almost gone. All of that lends credence to the idea that the marketplace can handle more product than the remaining companies are currently putting out. It makes sense for us to step up our own releases."

One problem that has plagued independent suppliers is their lack of clout with independent distributors. Faced with hundreds of new titles from dozens of suppliers each month, distributors have grown more selective about what they will carry. With their ready supply of hit A titles, the studios are able to command a level of attention from distributors not conferred upon the indies.

Prism's Collier acknowledges that distribution problems were a significant factor in the company's decision to sign the agreement with Paramount. "The road is a tough one for an independent," he says. "Can you survive [without a distribution deal]? Yes, you can. But can you thrive? I'm not so sure."

Prism's biggest-selling title shipped about 35,000 titles, according to Collier, and the company has had only a handful of titles sell more than 30,000 units. Prism sales in 1989 will be down "slightly" from 1988 revenues of $22 million, adds Collier.

WHAT'S IN IT FOR PARAMOUNT?

Those numbers, however, have caused some in the industry to wonder what Paramount gets out of the deal. "Say they release 20 [Prism] titles in a year," one competitor says. "If those titles sell an average of 15,000 pieces each, that's 300,000 units. At [a studio price of] $50 a piece, that's $15 million. If you assume Paramount is taking a 20% distribution fee, that's only $3 million to Paramount."

Doctorow acknowledges that Paramount will be "staffing up [its] field operations, adding people" in anticipation of the increased product flow. He refuses, however, to reveal the distribution fee involved in the Prism deal.

"It's simply a case of looking at our distribution capability as an asset," he says. "Distribution is becoming a more precious resource. We are positioned to offer distribution services to independent companies, and that's what we're doing ... We didn't 'need' the Prism deal."

Questions have also been raised about RCA/Columbia's strategy. "I don't understand why they would want to distribute so many titles," one competitor says. "Why wouldn't you want to concentrate on your own product? I can't imagine why their parent company would want them spending their time handling all that outside product."

Culberg counters that at least some of the increase in RCA/Columbia's 1990 product flow will come from its own catalog. "The Columbia library is the last, large, unexploited library," he says. But he echoes Doctorow in stressing the value of a major studio's distribution capability. "Any well-positioned major that does not carefully review its options for distributing exploitable product is doing itself a disservice," he says.

RAP TOUR PROMOTERS SEE VENUE RESISTANCE

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venues and communities to allow them in the buildings."

The problem is not restricted to the Bible belt or other traditionally conservative regions, as concert sites in New York are among those that have been accused of putting up significant roadblocks to booking rap shows.

The genesis of the growing venue concerns seems to be a stabbing death last year during a rap show at Nassau Coliseum in Uniondale, N.Y. (Billboard, Sept. 24, 1988). In the wake of that incident, Trans America canceled blanket insurance coverage for shows produced by G Street Express in Washington, D.C., the show's promoter.

Although G Street Express has since obtained coverage, the fallout of that cancellation has cast a pall over rap shows, resulting in many venues imposing stringent conditions or refusing to host the shows at all.

Some artists are planning to fight back against the rising tide. In New York, an attorney representing several major artists is preparing a suit against one large venue, charging it with a de facto ban against rap. The suit is expected to be filed by the end of the month.

To combat the touring problems, some agencies are placing rap acts in packages with nonrap groups, thus avoiding the perception of a pure "rap" show.

Lee Stulman, an agent with General Talent International in New York, agrees that touring is getting tougher. "Insurance costs are definitely up," he says. "Buildings and communities are much less receptive to rap than they once were. I don't know if the violence is up; there was more a few years ago, but the perception of violence is up, and people perceive rap as a negative."

Stulman says venues that restrict rap shows are "easily a third," and "might be more than a third. "It was a war to get a building to take Eazy-E and N.W.A.

"We saw this coming a year ago, and we put out a package with Tone Loc, M.C. Hammer, and Guy. We put Guy as the headliner because the perception of everyone is that the show is whoever is the headliner; it just happens to have a couple of rappers. We're doing much, much more of that. With KRS-1 and Boogie Down Productions, we're putting it out as a reggae show because he has a lot of reggae in his music."

Luther "Luke Skyywalker" Campbell, head of Skyywalker Records, says some buildings increase insurance and security rates to keep rap shows out. Skyywalker says the inability to book in certain markets ultimately hurts his record sales.

"You don't get the advertising, the hype, the group out there selling to the people who are actually buying the record," Campbell says. "If you're doing a bigger venue and doing a large amount of people and there's another group on the show, you can't sell your type of music to their people if you're not on the bill. It hurts you on a large scale. When you get in the clubs, you can only do 1,000 people. You really want to do the 15,000-seat places."

Campbell suggests rappers can cool the passions of communities against their art by "avoiding places like Philadelphia and Oakland where they have a real bad gang problem and a lot of fighting going on in these buildings. When something does happen, it blows out of proportion. There's a lot of buildings where things don't happen, but when they hear about one place getting crazy, it spreads all over."

John Bolin, director of the 13,500-seat Carolina Coliseum in Columbia, S.C., says the building has had "a moratorium" on rap shows for the last 10 months. "The kids got real crazy on us," Bolin explains. "The kids were having trouble in town, neighborhood problems, and they were clashing at football and basketball games. We felt it would be unsmart to do shows until things have cooled."

Bolin says the venue did four to six rap shows a year before the moratorium, and says he "will talk right" to promoters interested in returning to the Coliseum. "We're not shutting down forever," he says. "Maybe we're too cautious, to a fault."

The 17,800-seat Nassau Coliseum has not had any rap shows since the 1988 stabbing incident, according to Hilary Hartung, director of marketing for the venue. "I suspect it's by mutual choice," she says, adding that the venue "looks at every concert individually. We check with all arenas before a concert comes here to check incident reports for damage or unruly crowds. It could be heavy metal concert or rap concert."

Norm Smith, assistant general manager at the 14,600-seat San Diego Sports Arena, says rap shows there "have to be discussed on an individual show basis." The arena, which has hosted two rap shows this year, requires additional security and metal detectors at entrances before agreeing to permit rap shows.

"We had some problems with [a rap show] a few months ago," Smith says. He attributes the venue's caution to the influence of discussions building management has had with other arenas regarding problems at rap shows. "Basically, it's the climate of the times," Smith says.

Gary Wyse, GM of the 7,500-seat Toledo Sports Arena in Toledo, Ohio, says he's "aware there are some buildings that are taking steps to reduce their risk exposure," but says his venue's stringent rules—in effect since 1981—have eliminated most of the problems associated with shows at other venues.

"We started with metal detectors at all events eight years ago," Wyse says. "We were one of the first in the country to use them. We've got our patrons trained very well, and they know improper social conduct will be dealt with severely and quickly."

But Wyse notes that there will be fewer rap packages going out in the future because of the restrictions at other venues.

Don't miss this week's RAP SPOTLIGHT, following page 44.

INSIDE TRACK

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MCA RECORDS will pay "significant" royalties—at a 10% rate, comparable to contemporary levels—to veteran blues and R&B artists for catalog they recorded for **Chess** and **Checker** during the '50s and '60s. MCA becomes the first label that did not originally own the catalogs to offer a royalty, and the second, after **Atlantic Records**, to offer the monies to seminal blues and R&B giants. The royalties will be paid on product sold since MCA took over the Chess and Checker catalogs in 1985. It will also wipe out production debts that the labels charged against the artists during those decades. Artists who will benefit include **Chuck Berry, Muddy Waters, Howlin' Wolf, Willie Dixon, Etta James, Harvey Fuqua, Eddie Boyd, Memphis Slim, Lowell Fulsom, John Lee Hooker, Percy Mayfield, Otis Rush, Koko Taylor,** and **Jimmy Witherspoon.**

RICK TO DEES-MOUNT DIR? At least two radio syndicators say they are interested in acquiring the rights to **"Rick Dees Weekly Top 40,"** the popular countdown rival to **"American Top 40"** and **"Casey's Top 40."** Those syndicators say Dees' contract with **DIR Broadcasting** is up for negotiations soon. DIR, however, claims that Dees has about a year remaining on his contract.

IT'S THEIR TURN: **BMG Music Publishing's** U.K. setup has made its first acquisition, **Handle Music**, with more than 450 copyrights, including works by **Phil Fearon, Pepsii & Shirley, Bernie Frost,** and producer **Pip Williams**, whose new **Status Quo** album on **PolyGram** kicks off the deal. The deal is parent BMG's ninth in a 1989 spree.

CLOSED SHOP: **Fitzgerald-Hartley**, the L.A.-based management firm, has closed its Nashville office. **RCA's Restless Heart** and **Foster & Lloyd** left the agency prior to the announcement of the closing. MCA's **Vince Gill** remains on the roster and will be worked out of the L.A. office.

CLOSER THAN CLOSE? **GRP Records**, currently being distributed through **MCA** branches, may be an even more intimate part of the MCA family if current talks get real serious.