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From REO Speedwagon To Delta Rae, Rockers Are Clinging To PPP Loans



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Happier Times: REO Speedwagon onstage in New York before the pandemic (photo by Janette ... [\[+\]](#))
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The names attached to the Trump administration's list of PPP Loan recipients released on Monday are now well known: [Companies](#) backed by billionaires including Norman Braman and Robert Rowling; major brands such as restaurant chain TGI Fridays, the Alamo Drafthouse movie theater

group, and billionaire rapper—and potential presidential [candidate](#)—Kanye West’s Yeezy.

Among them were a sampling of aging and up-and-coming rock stars from REO Speedwagon to Delta Rae, with the ’80s juggernaut taking out at least [\\$350,000](#) and the genre-bending sextet taking less than \$100,000.

“Whether or not someone is a ‘rock star,’ most musicians are self-employed, small businesspersons,” explains veteran entertainment attorney Bernie Resnick, who says he has encouraged and assisted many clients in their pursuit of government aid. “Each musician or band employs and pays salaries for a small army of roadies, guitar techs, sound engineers, lighting designers, managers, lawyers and agents ... working musicians need to perform decades of concerts in order to generate continuing revenue.”

It’s a career choice that is generally much more glamorous than it is profitable, even in normal times. When the Covid-19 outbreak brought live music to a standstill, it turned off the most lucrative spigot not only for acts, but for those they employ, and the financial consequences followed.

Both REO Speedwagon, who rocketed to stardom with their 1980 hit album *Hi Infidelity*, and Delta Rae, whose songs include “[Bottom of the River](#),” are among them. REO Speedwagon declined to comment but Eric Holljes of Delta Rae explained how the band depends on doing about 100 shows per year, grossing low five-figure nightly sums, a life of shared rooms in cheap motels and hauling equipment so that the whole endeavor can pay a living wage to the band and its three-person team.

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When the pandemic first hit, Delta Rae had to postpone and then cancel all touring for 2020, with the sudden stoppage of cash flow threatening to force some tough decisions for band already operating on thin margins before the crisis. Then Delta Rae applied for, and received, a PPP loan. It was less than \$100,000, but changed their outlook drastically.

“It was a life-saver and bought us enough time to build a new plan for 2020,” says Holljes, one of the group’s cofounders. “Artists applied for the PPP loans because, at the end of the day, most of us are entrepreneurs trying to run small businesses and this pandemic is devastating to our main source of income.”

REO Speedwagon, which grosses about \$230,000 in a night, is a much larger business than Delta Rae, but the economics at play are similar. Last year the classic rockers played 52 shows, resulting in gross ticket sales of around \$12 million. But acts generally only take home about one-third of their gross, leaving \$4 million—call it \$5 million when merch and music sales are factored in—for REO Speedwagon’s five members. The group’s website indicates it will resume during on July 31, with a show in Louisville, Kentucky.

In most cases, nearly three quarters of that total goes to agents, managers, lawyers and Uncle Sam, leaving each member with roughly a quarter million—assuming an even split—before living expenses. It’s quite a healthy tally, to be sure, but much closer to the salary of a successful doctor or lawyer. Factor in the pandemic-induced touring stoppage, and it’s easy to see how hard it would be for even a prosperous musical act to pay staff, buy insurance, purchase inventory and cover office overhead without assistance.

“Musicians and those in their orbit have the same financial pressures as everyone else,” says Resnick. “Achieving a modicum of celebrity doesn't necessarily put food on the table, and should not disqualify a musician from participation in government assistance programs.”

As for Kanye West? The circumstances are a bit different: He is, after all, a [billionaire](#). Nevertheless, his clothing and shoe design company Yeezy received a loan worth between \$2 million and \$5 million in April to help pay 106 employees. But the vast majority of his fortune is illiquid—locked up in Yeezy, which he owns outright. A statement of assets provided to *Forbes* by his team earlier this year listed just \$17 million in cash.

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