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## Little Radio's Big Problem

Royalty Rules Could Force a Change for Downtown Internet Pioneer

by Evan George

When Dave Conway founded Little Radio, a Downtown-based Internet

radio station, he was sending out clandestine playlists to friends using illegal rooftop antennas.

Three years later, Little Radio is a multimedia company that deals in brand marketing, event planning, rock shows and even the sale of environmentally friendly electric cars. Its five employees work in two large rehabbed warehouses in the Industrial District.

But at heart - and by name - Little Radio remains centered around the web streaming of music that Conway calls the company's "life blood and our heart and soul." The free 24-hour radio station informs all of the other business endeavors, he said.

Not if the recording industry has anything to say about it.

In a ruling earlier this month, the Copyright Royalty Board, which manages fees that radio stations pay to the recording industry, upheld a decision to dramatically increase rates for all Internet radio stations. While the judgment affects mainstream stations that also offer programs online, Conway said, non-commercial stations like his will pay the real price.

"We'd be thrown into that group with everybody else. We'd be required to pay unbelievably high amounts of money," said Conway, who currently pays about \$2,000 a year in fees for a radio station that brings in no revenue. He said the company is working with a lawyer to estimate the potential cost, but that based on reports by industry publication Radio and Internet Newsletter, that could add up to more than a \$1 per listener an hour - meaning hundreds of dollars per hour.

The decision has spurred disbelief, and a petition campaign, supported by Little Radio and other web stations. On May 17, when the ruling is set to take effect, Little Radio could cease to be a radio station at all, said Conway, though its other activities would ensure that the company's song is far from over.

From the Rooftops

Little Radio's troubles are not the company's first run-in with the authorities. Three years ago, the station was on the run, operating as a roving, "pirate radio" station.

Conway, 35, and longtime accomplice Jimmy Brayl, 34, would climb out on friends' roofs with an antennae and a laptop to send out their commercial-free music.

Two years later, and after at least one confrontation with the Federal Communications Commission (that they secretly recorded and then broadcast), Little Radio went legit. Like many other online music streamers, the station (littleradio.com) started paying publishing, royalty and licensing fees for songs it played. It then expanded into a web-based music magazine.

In March 2006, Conway and Brayl moved the operation into a 5,200-square-foot building on Long Beach Avenue that doubles as the station's headquarters and as a concert hall. Behind a blank brick façade and truck dock entrance, the space boasts a sleek decor with red lanterns, a large stage and standing room for hundreds of people.

A flight of stairs leads to a balcony filled with turntables and computers where Brayl operates the radio station.

Since opening, the venue has hosted shows by internationally known rock bands who breeze through Los Angeles for pricey Hollywood club appearances but often play last minute, free concerts at Little Radio. Past acts include Sonic Youth, the Jesus and Mary Chain and the Brian Jonestown Massacre.

Last year, Little Radio hosted all-day Downtown barbecues, which transformed their industrial neighborhood into a summertime block party complete with inflatable swimming pools. Termed "Summer Camp," the parties were an entry into event planning that expanded the company's visibility with corporate sponsors and clients.

Little Radio has since become the only L.A. company licensed to sell

Environmental Vehicles, a new brand of electric car, which they display in the foyer of the building next door to the radio station.

That adjoining, 5,000-square-foot warehouse, tastefully transformed into six large, glass encased, cube-shaped offices, is where Conway and company plot new projects like an upcoming bio-diesel bus tour of college campuses that will promote alternative energy products.

### Future Shock

For Conway, all of Little Radio's endeavors flow from the initial radio station, and the support of local and independent music. That is why, even though the company is now firmly established, the potential loss of the station is troubling.

Little Radio currently pays fees to recording industry entities including the American Society of Composers, Authors and Publishers and the performance rights organization SoundExchange, which has lobbied for the increased fees.

The group says that current rates, considering the popularity of Internet radio, do not fairly compensate those who own the music being played online.

Under the new rates, web broadcasters could see their fees increase by as much as 44%, according to the Copyright Royalty Board.

"Our artists and labels look forward to working with the Internet radio industry, large and small, commercial and non-commercial," said John Simson, executive director of SoundExchange last week.

Conway and others complain that there won't be any stations to work with if the pay scale is implemented. Even commercial web broadcasters, some of which earn hundreds of thousands of dollars, could be charged more than they make and push the entire industry out of business, Conway said.

All of which puts Little Radio in a difficult position. While in no danger of closing shop altogether, Conway said his business will change drastically without the music that motivates it.

"I just couldn't believe that it was actually going to go through - something so dramatic that would essentially destroy an entire community," Conway said.

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