

The securitization of intellectual property is a recent phenomenon and one of the first and most notable examples is the issuance of the “David Bowie Bond” in 1997 by the Pullman Group. In general, securitization refers to the merging of a number of financial assets which are then used as collateral to issue new securities. In the past the most prevalent types of securitization have been mortgage backed securities and credit card payment securities due to their predictable cash flows. Therefore, most types of intellectual property are difficult to securitize because in many cases the cash flows are very unpredictable. David Pullman, however, was able to successfully issue the first security backed by the royalties of a musician David Bowie. After the first issuance Pullman became the expert on “Celebrity Bonds” and issued a number of others including: Nickolas Ashford, Valerie Simpson, James Brown and the Motown record company. Since these issuances the use of IP securitization remains low which begs the question, were these securities successful and will they continue?