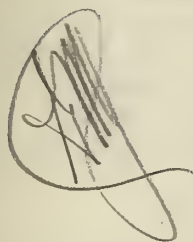


HEINL RADIO BUSINESS LETTER

INSURANCE BUILDING

WASHINGTON, D. C.

ISSUED TWICE A WEEK AND CONTAINING THE LATEST INFORMATION REGARDING THE RULINGS OF THE FEDERAL RADIO COMMISSION, RADIO LEGISLATION, DEPARTMENT OF COMMERCE REGULATIONS, CHANGES IN WAVELENGTH, CALL LETTERS AND POWER, PATENTS, EXPORTS, FEDERAL TRADE COMMISSION RULINGS AND OTHER MATTERS OF INTEREST TO BROADCASTERS AND MANUFACTURERS. :: :: CONFIDENTIAL—NOT FOR PUBLICATION. :: ::



National Broadcasting Company, Inc.

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No. 441

INJUNCTIONS SOUGHT BY RCA

Injunctions restraining the Federal Radio Commission from denying, under Section 13 of the Federal Radio Act, applications for radio frequency licenses and renewals were requested of the Supreme Court of the District of Columbia Friday by the National Broadcasting Company, the RCA Victor Company, Inc., RCA Communications, Inc., and the Radiomarine Corporation of America. The move was taken to block the hearing scheduled for June 15th.

The four petitions bring before the court the question of whether these present subsidiaries of the Radio Corporation of America shall suffer the loss of their wave-length channels on account of the decision of the Circuit Court of Appeals of the Third Circuit that a clause formerly employed in patent licenses of the Radio Corporation of America to independent manufacturers of radio broadcast receiving sets violated Section 3 of the Clayton Act.

The RCA briefs contend that Section 13 has no application to a case of the kind decided by the Circuit Court of Appeals. They further contend that to deny the plaintiff's licenses would strike down a national, international, marine, broadcasting and radio experimental system of incomparable public usefulness and of a value amounting to many millions of dollars; that the penalties such a denial would impose upon them would be so disproportionate to the offense, if any, as to be grotesque and so great that they necessarily render the statute unconstitutional. The petitions emphasize the property loss that would be imposed as a penalty upon the plaintiff companies.

Accompanying the petitions, affidavits signed by Merlin H. Aylesworth, President of the National Broadcasting Company; Edward E. Shumaker, President of the RCA Victor Company, Inc.; William A. Winterbottom, Vice-President and General Manager of RCA Communications, Inc., and T. M. Stevens, General Superintendent of the Radiomarine Corporation of America, were filed with the court. It was pointed out in these affidavits that a denial of renewal of the licenses will mean the rendering virtually worthless of an entire broadcasting system; a suspension of television research and developmental work and the loss of the large investment already expended to make television commercially practical; the cutting down of a vast international communications system which numbers among its patrons more than 18,000 important business and financial houses of the country, embassies, press associations, importers and other institutions and correspondents; and the depriving of steamship owners of marine radio reports and the placing in jeopardy of thousands of lives and millions of dollars of property at sea.

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COMMISSION UPHOLDS YOST IN TWO CASES

The Federal Radio Commission last week upheld Chief Examiner Yost in two recommendations after considering exceptions to the reports.

Both the Garvin Furniture Company, of Newton, N. C., and Alfred J. Pote, of Chelsea, Mass., were denied construction permits for new stations.

Examiner Hyde recommended last week that the application of KTFI, of Twin Falls, Idaho, for a change in assignment be denied; while Examiner Walker recommended that the application of John L. Baer, of Greensburg, Pa., for a construction permit, be denied.

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MACKAY CONTROLS KOLSTER RADIO

Clarence H. Mackay, President of the Mackay Radio and Telegraph Company, announced last week that his company holds a controlling interest in Orange Securities Corporation, which recently purchased the assets of Kolster Radio Corporation, including the control of Federal Telegraph Company of California. A new company has been formed under the name of Kolster Radio, Inc., to carry on the exploitation of broadcasting receiving sets, with offices and factory at 350 Thomas Street, Newark, N. J., and an office at the International Telephone and Telegraph Building, 67 Broad Street, New York, N. Y.

Mr. Mackay said:

"The Federal Telegraph Company, which manufactures radio telegraph equipment, assures to Mackay Radio an independent, patent-free position in the United States for the development and exploitation of its point-to-point and international radio telegraph. The recent decision of the United States Supreme Court in the Langmuir patent case was of great interest in this connection.

"Through the affiliation of the Federal Telegraph Company, Mackay Radio and Telegraph acquires an independent manufacturing position in which it is not dependent on contracts or licenses. In addition, the many inventions and developments owned by Federal Telegraph Company, including the inventions of Dr. Frederick Kolster, such as the Kolster Radio compass, which is the outstanding radio compass, and other items are a valuable acquisition for our company.

"In the radio receiving set field a new company, Kolster Radio, Inc., will succeed to the good will, trade-marks, patents and manufacturing facilities of the old Kolster Company and will place on the market the new series of Kolster International Radio Receivers."

Franklin Hutchinson has been elected President of Kolster Radio, Inc., with Frank Holmstrom, and St. George Lafitte, Vice Presidents.

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RADIO COUNT IN MONTANA

A little less than a third of the families in Montana were equipped with radio receivers on April 1, 1930, according to the Census Bureau report.

Out of a total of 137,010 families, 32 per cent, or 43,809 owned radio sets.

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STAY ORDER BLOCKS KTNT OUSTER

A stay order permitting continued operation of Station KTNT, ordered off the air Friday by the Federal Radio Commission, during the pendency of the appeal of that station from this adverse decision, was granted by the Court of Appeals of the District of Columbia last Saturday.

The stay order follows in full text:

"On consideration of the petition for a stay order in the above-entitled cause, praying that this court issue its order that the decision of the Federal Radio Commission of June 5, 1931, refusing to renew the license of appellant and ordering him to cease operation of Station KTNT, be stayed pending the determination of the issues raised by the appeal of the said appellant, Norman Baker.

"It is ordered by the court that said petition be, and it is hereby granted, and that the order of June 5, 1931, complained of be and it is hereby stayed pending the determination of this appeal, or until the further order of the court, but with leave to the Commission, if it shall be so advised, to move to dismiss this stay order on the notice of three days to appellant."

The Commission previously summarized its findings in the case in its statement of facts as follows:

"This Commission holds no brief for the medical associations and other parties whom Mr. Baker does not like. Their alleged sins may be at times of public importance, to be called to the attention of the public over the air in the right way. But this record discloses that Mr. Baker does not do so in any high-minded way.

"It shows that he continually and erratically over the air rides a personal hobby his cancer cure ideas, and his likes and dislikes of certain persons and things. Surely his infliction of all this on the listeners is not the proper use of a broadcasting station license. Assuredly they are not uplifting or entertaining.

"Though we may not censor, it is our duty to see that broadcasting licenses do not afford mere personal organs, and also to see that a standard of refinement fitting our day and generation is maintained."

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✓ RCA-VICTOR HAS RADICAL TELEVISION DESIGN

Following, in part, is a copyrighted story by Robert Mack, of the Consolidated Press:

"From behind the locked doors of the laboratories of the RCA-Victor Co., at Camden, N. J., comes word of radically new developments in television, surpassing in quality anything heretofore exhibited to the public.

"Few have seen this new visual system and the developments have been shrouded in secrecy. It was learned, on authority, however, that the system, still in its experimental stage, does away with revolving parts and with the complicated scanning disc used in practically all existing systems. These two factors are said to have presented the most serious obstacles to practicable television.

"The cathode ray tube, rather than the neon light, is the heart of the RCA-Victor television system. An electron gun, which fires light rays into the tube several million times a second, supplants the revolving scanning disc. The result is declared to be a television picture that resembles the movies, having a blueish-white tint, and without the annoying flicker.

"So substantial has been the progress in both transmitting and receiving apparatus that one prospective television station is holding in abeyance its plans until Fall, at which time it is expected the RCA - Victor transmitter will be available. Station KMOX at St. Louis, operated by the Columbia Broadcasting system, informally has asked the Federal Radio Commission to defer its hearing for an experimental television station until September, in view of 'impending developments' in television.

"The laboratory apparatus of RCA-Victor produces a picture of 77 lines, as against the recognized television standard of 60 lines. With these additional lines per 'frame', according to engineers, greater clarity of the received image is made possible. The picture is reproduced on the bulb of the cathode ray tube and is said to be visible a good distance from the receiver, obviating the need of 'peeping' at the received image."

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LAFOUNT TO MAKE WESTERN TOUR

Federal Radio Commissioner Harold A. Lafount is leaving Washington, June 27th on an extensive inspection trip of radio stations in the Third and Fifth Radio Zones. He will be away about six weeks stopping first at Denver, Colo., on June 29th.

Mr. Lafount will meet broadcasters, visit many broadcasting stations, meet groups of listeners, inspect communication stations at Seattle, Wash., Bolinas and Palo Alto, Calif.; and New Orleans, La. He will also investigate the efficiency of police and airplane radio equipment and frequencies. In fact, he will make a study of the radio situation in the West and South, returning to Washington August 14th.

His itinerary follows:

Leave Washington, June 27th; Denver, Colo., June 29th-30th; Salt Lake City, Utah, July 3, 4, 5 and 6th; Ogden, Utah, July 7th; Pocatello, Idaho, July 9th; Boise, Idaho, July 10th; Portland, Ore., July 12, 13, and 14th; Seattle, Wash., July 15, 16, 17 and 18th; San Francisco, Cal., July 20, 21, 22, 23 and 24th; Los Angeles, Cal., July 25, 26, 27, 28, and 29th.

In El Paso, Texas, July 31st and August 1st; San Antonio, Texas, August 3rd and 4th; Houston, Tex., August 5, 6 and 7th; New Orleans, La., August 8, 9, and 10th and Atlanta, Ga., August 11, 12 and 13th, returning to Washington, D. C., August 14th.

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PHILCO ANNOUNCES THREE SUPERHETERODYNES

Three new balanced superheterodyne chasis, a unique arm-chair cabinet model designed by Normal Bel Geddes, and other striking cabinets created by Mr. Geddes, an improved over-sized electro-dynamic speaker and the inclusion of Philco Tone Control on the smaller models, are some of the features of the new Philco line displayed by Philco for the first time at the Radio Show.

The new superheterodyne chassis are designed for eleven tubes, for nine tubes and for seven tubes, including pentode power tube. The 11-tube Superheterodyne-Plus will be offered in a Lowboy, a Highboy, and an automatic Radio-Phonograph. The cabinets are hand-rubbed satin finished. Three furniture models in which the 9-tube chassis will be sold are a Highboy, a Lowboy, and a Baby Grand, a "super" edition of last year's model. The 7-tube line includes an all electric Radio-Phonograph, a Highboy, and a Baby Grand.

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THE RADIO MARKET OF CHILE

Following is a review of the radio market at Chile as reported to the Department of Commerce by Assistant Trade Commissioner Milton T. Houghton, of Santiago:

"Radio first made its appearance in Chile in 1922 in the form of a small crystal set which was used in connection with a 5-watt transmitter built by an American resident in Santiago. From that time on the equipment sold has been almost entirely of American manufacture.

"In April, 1923, the first regular broadcasting station was opened. The transmitting, however, was poor and sales of receiving apparatus were negligible. The station was gradually improved and in 1924 sales started to increase, 1924 and 1925 being very good years, with the business in the hands of three or four firms, who did exceptionally well. In 1926 there was a sudden change in the manufacture of radio, with complete sets coming on the local market. As a result those firms carrying rather heavy stocks were faced with serious losses and many of the firms went out of the radio business.

"With the adoption of electric sets in replacement of battery-operated units, and an increased demand for combination radio and phonographic machines, as well as pick-ups for these units, the radio business has revived. At present there is a decided increase in the sale of short-wave sets. However, these are generally sold as combination long and short wave sets using interchangeable coils for different wave lengths.

"The best selling models in receiving sets have been moderately priced units with an attractive cabinet. The market appears to be about evenly divided between alternating and direct current, the voltage of most of the country being 220 and for alternating current the 50 cycle single phase is universal. While electrically operated sets are most in favor, battery sets are used in many localities due to lack of power facilities.

"The use of receiving apparatus hooked up with amplifiers is very limited, although there have been a few installations for furnishing music in business establishments. There are a few super-hetrodyne receivers whose owners occasionally get programs from the United States, but this type is not popular because of the cost and lack of adaptation to the local broadcasting and electrical interference.

"The combination radio and phonograph is gaining in popularity because of the long period when reception and programs are poor, at which time the owner can play records. Considerable quantities of small crystal sets are sold at prices ranging from 15 to 50 pesos (peso equals \$0.12 United States currency).

"It is estimated that approximately 90 per cent of the radio sales in the Chilean market are those of American manufacture. Exports from the United States to Chile during 1930 were valued at \$395,935, of which receiving sets accounted for \$242,737.

"There is a fair volume of business in parts and accessories, although the tendency is to buy the sets complete. Tubes have a good demand, but speakers move somewhat slower. The comparatively large number of small crystal sets in use creates a fair market for earphones and small accessories.

"During the years prior to 1929, it was customary on retail sales to secure a down payment of 25 per cent with the balance extended over six months. However, during 1929 the competition became so keen that the down payment was reduced to 10 per cent with payments over a period of 10 months, and these terms are in effect at present. The company furnishing electric current to Santiago, Valparaiso, and surrounding territory sells radio sets to increase the use of current and is extending long-term credits with a small down payment.

"The future of the radio market is absolutely dependent on the broadcasting facilities, which in Chile are poor. Climatic conditions also have an important effect on the radio market. In the northern Provinces, it very seldom rains and there is practically no market. The mountains running the entire length of Chile create peculiar conditions, causing static which has been difficult to eliminate."

(A list of Chilean importers of radio apparatus may be obtained by interested American firms upon application to the Commercial Intelligence Division of the bureau).

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PUBLIC OPPOSES EDUCATIONAL RADIO - LAFOUNT

"The listening public will not stand for an exclusively educational program for a whole day or night from any station", declared Harold A. Lafount, Federal Radio Commissioner, at Columbus today (Monday) in an address before the Second Annual Institute for Education by Radio. "You will be lucky if you get the average adult to listen to an educational program for two hours a day."

After reviewing the facts concerning the scarcity of broadcasting facilities and the tendency of educational broadcasting stations during the last few years to cease operation of their own accord or sell out to commercial operators, Commissioner Lafount expressed the belief that the country is being fairly well served with educational programs at present.

At all odds, he said, commercial stations are better equipped to provide all needed educational programs. About ten per cent of all broadcasting time is now being devoted to educational programs, he declared.

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PETITIONS GRANTED BY FEDERAL RADIO COMMISSION

On the basis of the following, the Commission granted petitions to intervene in the RCA hearing scheduled for June 15, 1931, to the following intervenors:

Radio Protective Association The Journal Co. (WTMJ)
Chicago Federation of Labor (E. N. Nockels)
Congressman Frank E. Reid, of Illinois.

"Due to the fact that the notices for the hearing now set for June 15, 1931, were prepared by inserting the causes for that hearing in the regular blank form used in notifying applicants in ordinary cases, some uncertainty has arisen concerning the scope of the hearing set for that date. The Commission's minutes of May 8 show that certain applications of the subsidiary companies of RCA were designated for hearing on that date for the following reasons:

(1) To determine whether or not said applicant is a company or corporation or any subsidiary thereof which has been finally adjudged guilty by a Federal Court of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through the control of the manufacture, or sale of radio apparatus, through exclusive traffic arrangements, or by any other means to have been using unfair methods of competition within the meaning of Section 13 of the Radio Act of 1927.

(2) To determine whether or not said applicant is eligible, under the terms of the Radio Act of 1927, to receive the instrument of authorization applied for.

(3) To determine whether or not the Radio Act of 1927 prohibits the granting to said applicant of the instrument of authorization applied for.

The Commission has made no further order extending or broadening the issues to be tried and the hearing now set for June 15th on these and similar applications will therefore be confined to these issues."

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STATION WLBX GRANTED STAY ORDER

A stay order restraining the Federal Radio Commission from disturbing the operation of Station WLBX, Long Island, N. Y., during the pendency of its appeal from an adverse decision of the Commission removing it from the air has been issued by the Court of Appeals of the District of Columbia.

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APPLICATIONS RECEIVED BY FEDERAL RADIO COMMISSION

June 5 - WCAJ, Nebraska Wesleyan University, Lincoln, Nebr., modification of C. P. amended to request 1 kilowatt operating power instead of 500 watts; KGBZ, Dr. George R. Miller, York, Nebr., modification of license amended to request unlimited time instead of limited time; WWAE, Hammond-Calumet Broadcasting Corp., Hammond, Ind., license to cover C. P. granted 3/6/31 for changes in equipment; KFDY, South Dakota State College, Brookings, South Dakota, modification of license to show certain specified hours of operation; WOPI, Radiophone Broadcasting Station WOPI, Inc., Bristol, Tenn., C. P. to make changes in equipment and increase power from 100 watts to 100 watts, 250 watts LS.

Applications Other Than Broadcasting

June 5 - Alaska Packers Association; KHT, Bristol Bay, Alaska, renewal for 272, 219, 246, 500, 460 kc., 200 watts, coastal and point-to-point; KYK, Karluk, Alaska, license to cover C. P. for 227, 268, 272, 460, 500 kc., 200 watts, coastal and point-to-point; W2XH, American Radio News Corp., New York City, renewal for 95, 99 kc., 750 watts, special experimental; Radiomarine Corp. of America; KDI, Santa Flavia, Nushagak River, Alaska, renewal for 460, 500 kc., 200 watts, coastal; also renewal for 256, 272 kc., 50 watts, point-to-point; W3XAD, RCA Victor Co., Inc., Camden, N.J., renewal for 2100-2200, 43000-46000, 48500-50300, 60000-80000 kc., 500, 50 w., television; Libby, McNeill & Libby; KYZ, Kenai, Alaska, modification of C. P. for additional frequency of 3184 kc., reduction in power to 100 w.; KKA, Yakutat, Alaska, renewal of license for 220, 272, 500, 460 kc., 200 w., coastal and point-to-point; Aeronautical Radio, Inc.; KSY, Tulsa, Okla., renewal for 2722, 2734, 4108, 6350, 6365, 8015, 12180 kc., 400 watts, point-to-point aeronautical; KGQZ, San Diego, Calif., permit for change in location, power 50 watts; KFM, Sacramento, Calif., permit to move transmitter to new airport; KQX, Bakersfield, Calif., permit to move transmitter to new location 400 watts.

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