

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 :: :: **CONFIDENTIAL—NOT FOR PUBLICATION.** :: ::

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BROADCASTERS DRAW UPON WAR CHEST IN COMPOSERS SHOWDOWN

Apparently money is not to be considered in the newest offensive of the National Association of Broadcasters against the American Society of Composers whom they charge with exacting excessive fees for the privilege of broadcasting copyrighted music. The legal services of Newton D. Baker, just retained by the Broadcasters, will very likely cost them a minimum of \$50,000, two prominent lawyers estimated. One of these lawyers said he believed the fee of a man of Mr. Baker's prominence might easily be \$75,000 in this case, while the other said, in his opinion, it could run as high as \$250,000, depending upon how much work was involved.

As a preliminary to securing the services of Mr. Baker, the Broadcasters retained Oswald F. Schuette, at a fee commonly reported to be \$18,000 yearly. Mr. Schuette took a conspicuous part in the RCA anti-trust case.

Thus it would seem, adding office rental, traveling expenses and so on, that the Broadcasters expect to draw on their war chest for at least \$100,000 during the coming year. Possibly more, because it is certain that the Composers will retain equally high priced counsel and that it will be a fight to the finish.

The general commanding the radio shock-troops will be Alfred J. ("Hollywood") McCosker, of Station WOR, Newark, recently elected president of the National Association of Broadcasters. The general in command of the music writers will be Gene Buck, of New York, president of the American Society of Composers. His chief of staff is E. C. Mills.

Buck and Mills are seasoned veterans, having fought the motion picture people and restaurant owners to a successful conclusion in the courts. Regardless of former successes, however, it is not believed they will allow the broadcasters to overshadow them with such able counsel as Newton D. Baker but that they will add to their forces someone of equal prominence.

Unquestionably there must be a showdown. Already Mr. Schuette has drawn the fire of Mr. Mills by alleging that the Broadcasters were forced into signing the Composers' contracts and that they were of a "racketeering nature".

Mr. Mills retorted that any broadcaster who feels that he has entered into the present license agreement with the American Society of Composers under duress is under no further obligation to retain it and the Society offers to negotiate a new contract in each case.

Mr. Mills added, however, that while the Composers are willing to confer with any individual broadcaster or any representative committee of broadcasters - the Society will have no more dealings with Mr. Schuette.

Resenting the "racketeering" charge, Mr. Mills declared that Mr. Schuette's characterization of the Composers was "libelous, false and misleading and contained an opprobrious epithet" which the Composers strongly resented.

The Broadcasters and the Composers have been dropping depth-bombs upon each other ever since the latter demanded, in addition to the sustaining fee, that the Broadcasters must turn over five per cent of their gross receipts for the privilege of broadcasting copyrighted music of the American Society of Composers. It was estimated that this would mean at least a \$2,000,000 annual increase.

The Broadcasters refused but finally agreed to pay three per cent of the net receipts of their stations in 1933; four per cent in 1934; and five per cent in 1935. On this basis, the Composers expected to receive \$2,000,000 from the Broadcasters this year (as against \$939,000 for 1931) but on account of the depression the amount turned over by the Broadcasters may be considerably less.

The Broadcasters object to paying a percentage of the net receipts on all kinds of programs broadcast whether they use music or not as they are now required to do. It is their contention that they should only have to pay a percentage of revenues from programs using the American Society of Composers copyrighted musical publications.

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COMPOSERS WELCOME BAKER'S ENTRY INTO FIGHT

Upon learning that the Broadcasters had retained the services of Newton D. Baker in an effort to straighten out their tangled copyright affairs, E. C. Mills, of the American Society of Composers, commented:

"Selection of Mr. Baker as councilor is the most intelligent step the broadcasters have taken in this controversy. We welcome a man of his ability and standing. And we feel sure that when Mr. Baker has studied the case, on his own judgment he will ratify that we are fairly paid. He will be our proponent instead of an opponent. He has the ability to weigh the equities in the case and we have no fear of the outcomes.

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BEER BILL WITH ADVERTISING RESTRICTIONS DELAYED

Beam Riders

The chances for a vote on the 3.05 per cent beer and wine bill in the Senate at the present session seem remote. This bill carries with it the proviso that beer and wine cannot be advertised in dry states. This would preclude radio network advertising of beer and wine, also doubtless such advertising by high powered stations likely to penetrate a dry state. Low powered stations remotely situated from the borders of a dry state might be allowed to carry liquor advertising, if this bill becomes law, but probably no stations near the borders of a dry state would be permitted to contract for such advertising.

However, as intimated in the beginning, the bill has a long way to go before becoming a law. It will have to take its chance with the appropriation bills if and when it is reported favorably to the Senate from the Finance Committee. The hearings may last a week. A relief bill, calling for direct Government appropriations for the destitute, is about to emerge from the Manufactures Committee, headed by Senator La Follette of Wisconsin. Is this relief measure to be sidetracked to give the right of way to a mere beer bill? And the relief bill itself is likely to lead to a lot of debate.

If the beer bill is put through the Senate, however, it must enter the conference stage with the House, be agreed upon in both houses after it leaves conference and then go to the President for his approval. President Hoover, it has been reported, will veto such a measure, believing it violative of the Constitution, or at least a mere effort at nullification. But from the present outlook, he probably will not be called upon to say yes or no to the measure.

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COLVIN BROWN COMMISSION MENTION PUZZLES

Considerable mystification was caused in Washington by a report from Hollywood that Colvin W. Brown, pioneer film manufacturer, will be appointed a member of the Federal Radio Commission, due to the fact there is no vacancy at present in either the Eastern or Western zones. Commissioner Starbuck's term in the Eastern zone doesn't expire until 1934 and Commissioner Lafount was appointed to represent the Western zone until 1935.

Mr. Brown is vice-president of the Quigley Publishing Company, 1790 Broadway, New York. He is said to be a Democrat and to have been an active supporter of Roosevelt in the Presidential campaign.

Mentioned last week as successor to former Commissioner C. McK. Saltzman, was Herbert L. Pettey, of Kansas City, who was in charge of radio for the Democratic National Committee during the Presidential campaign. Mr. Pettey was formerly a salesman for the RCA Photophone Company in Kansas City, Detroit and Washington. He is about thirty years old.

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A.P. DIRECTORS MEET; RECEIVE RADIO POLL REPORT

About one-half of the answers to the questionnaire sent out by Frank B. Noyes, president of the Associated Press, covering the attitude of members toward radio broadcasting of A.P. news, had been received, it was reported at the A.P. board of directors' meeting in New York last Wednesday and Thursday. No statement as to the trend of the answers was made.

The questions were:

"A. Do you favor permitting broadcasting of brief Associated Press bulletins of news of E.O.S. importance by chains?

"B. Do you favor denial of any Associated Press news whatever for broadcasting by chains regardless of the course adopted by other news-gathering agencies?

"C. Do you favor permitting broadcasting by members?

"D. Do you favor limiting such broadcasting to bulletins on wire news, giving broader latitude on local news?

"E. Do you favor making an additional assessment on members using Associated Press reports for broadcasting?

"F. Do you favor denying members permission to broadcast any news belonging to the Associated Press, whether wire or local, disregarding the advantages both financial and of prestige that would accrue to competing news agencies who permit such broadcasting?

"G. Do you favor requesting the Board of Directors, using its best judgment, to decide on the wise course to be pursued, unhampered by the 1925 resolution of the membership?

"H. Does your newspaper do any news broadcasting?

"I. Do you subscribe to any competing news service?

"J. A joint meeting of the Associated Press members of two states (Utah, Idaho) asks that the following program be submitted to the membership.

"1. The Associated Press shall not furnish any news service whatsoever to any chain or station.

"2. That the Associated Press cancel the membership of any member who furnishes any news matter whatever to any broadcasting chain or station.

"3. That the Associated Press after allowing reasonable time for discontinuance, cancel the membership of

any member who patronizes any other news services which allow broadcasting use of their service by any chain or station within a reasonable distance of Associated Press newspaper members.

"Do you approve this program?"

President Noyes, in a covering statement sent with the questionnaire, said:

"You are familiar with the course followed by the Associated Press.

"My understanding is that both the competing news-gathering organizations made no objection whatever to the recent broadcasting by client newspapers; that the Hearst newspapers made their election news available to the Columbia chain; and that the United Press offered to sell its service to the chains and did sell it to railroads, clubs, etc.

"I do not understand that either of these organizations proposed to forbid broadcasting by clients.

"Based upon the only measures of opinion available it appears our objecting members range from: 1. Those who would forbid any broadcasting whatever of Associated Press news and who propose expulsion of members broadcasting news secured from other sources, or who buy services from any news-gathering organization that permits broadcasting. 2. Those who would forbid use of Associated Press reports in chain broadcasting but permit member broadcasting. 3. Those who would permit brief bulletin broadcasting of news of high importance by both chains and individual stations, permitting more liberal broadcasting of local news by members who broadcast. 4. Those who feel that members using the report for broadcasting should pay an added assessment.

"I think that most of those favoring broadcasting of our news also favor emphatic limitations on that broadcasting. Opinions also have been advanced by proponents of broadcasting. They range from those who think that chain broadcasting should be forbidden entirely, or confined to brief bulletins, without use of detailed figures of election returns, to continuance of broadcasting privileges for members. Some members think that broadcasting hurts circulation while others who broadcast submit figures showing comparative circulation gains.

"One member who broadcasts expresses the view that the first duty of his newspaper is to furnish to the community he serves by the quickest method available all news of great importance and that the radio is best adapted for this purpose, and furthermore is a much cheaper and more effective method than that of issuing extras which are a source of expense rather than profit.

FEARS TOO MUCH BALLYHOO

It was at a big dinner in Washington. Among the entertainers was a comedian of national reputation.

"This man received \$7,500 for a twenty-minute appearance on the radio in New York last night", his sponsor declared, introducing him to the diners.

"That is one thing which is giving an entirely erroneous impression with regard to the radio industry and which is doing a lot of harm", a radio man who was present at the dinner, remarked. "There ought to be less talk about the high salaries the artists are receiving if they really are receiving such fabulous sums as is claimed.

"In my opinion, no entertainer is worth \$7500 for twenty minutes - unless maybe it's the last twenty minutes of his life. People hearing that such extravagant figures are paid to radio artists, naturally assume that radio is simply rolling in money when, as a matter of fact, radio is having a rough time of it during the depression, along with the other industries. A quietus should be put on the talk of high salaries which artists claim they are receiving".

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PANAMAN RADIO PACT SIGNED IN 1927 IS JUST RATIFIED

Minister Ricardo Alfaro of Panama has deposited with the State Department in Washington the instrument of ratification by his government of the convention on radio-telegraphy signed at Washington in 1927. The United States has insisted that its treaty obligations to protect the canal and independence of the Republic of Panama made it necessary for this Government to have complete and permanent control of radio communications, not only in the Canal Zone but in the republic as well.

The republic of Panama has protested such control as an infringement of sovereignty.

Officials in Washington are weighing the advisability of permitting private stations to complicate the broadcasting situation on the isthmus.

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NBC NEW AND RENEWAL ACCOUNTS

New, Charis Corporation (Charis Foundation Garments), Allentown, Pa. Agency: John L. Butler Co., Public Ledger Building, Philadelphia, Pa. Starts March 8, 1933 for 13 weeks. Wednesdays, 4:45-5:00 p.m., EST. Network WEAF WTIC WTAG WEEI WJAR WCSH WLIT WFBR WRC WGY WBEN WTAM WWJ WLW WMAQ KSD WOC WHO WDAF CKGW CFCE WTMJ WIBA KSTP WEBC WSM WMC WSB WAPI WSMB WKY WFAA KPRC WOI KOA KDYL KGO KFI KGW KOMO KHQ Program: "Charis Musical Review".

Renewal, Swift & Company (Meats and Butter), Union Stock Yards, Chicago, Ill. Agency: J. Walter Thompson Co., 410 N. Mich. Ave., Chicago, Ill. Starts Feb. 2, 1933 for 13 weeks. Thursdays and Fridays, 8:45-9:00 p.m. WJZ WBZ WBZA (WBAL Fri.) WHAM KDKA WGAR WJR WLW WLS KWK WBEN KOIL 12:15-12:30 a.m. KGO KFI KGW KOMO KHQ KOA KDYL Program: "Thurston, the Magician" - dramatic skits with Howard Thurston.

New, Sheffield Farms Co., Inc. (Dairy products), 524 W. 57th St., NYC. Agency: N. W. Ayer & Son, Inc., 500 Fifth Avenue, NYC. Starts Feb. 4, 1933 for 13 weeks. Saturdays, 9:15-9:30 a.m. EST WEAF only "Sheffield Scrap Book Club" - Dorothy Lewis in children's stories.

Renewal, I. J. Fox, Inc. (Furs), 393 Fifth Avenue, NYC. Agency: Peck Advertising Agency, 271 Madison Avenue, NYC. Starts Feb. 10, 1933 for 13 weeks. Time: Friday only 7:30-7:45 p.m. EST. WEAF only. Fox Fur Trappers

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APPLICATIONS RECEIVED BY FEDERAL RADIO COMMISSION

WHDH, Matheson Radio Co., Boston, Mass., modification of license to change hours of operation from daytime to unlimited time; WAGM, Aroostook Broadcasting Corp., Presque Isle, Me., mod. of license for change in specified hours of operation; WSAI, Crosley Radio Corp., Cincinnati, Ohio, construction permit for changes in eqpt. and increase power from 500 w. 1 kw. local sunset, to 500 w., 2½ kw., local sunset; KGKB, East Texas Broadcasting Co., Tyler, Tex., license to cover CP for change in equipment; WROL, Stuart Broadcasting Corp., Knoxville, Tenn. license to cover CP for change location of transmitter and changes in equipment; WCAZ, Superior Broadcasting Service, Inc. Carthage, Ill., mod. of license to include Sunday operation, 10 a.m. to 3:30 p.m.; WHO-WOC, Central Broadcasting Co., Inc., Iowa, mod. of construction permit granted Dec. 17, 1932, to extend completion date to May 15, 1933;

WMAL, M. A. Leese Radio Corp., Washington, D.C., consent to vol. assignment of license and assignment of CP issued Oct. 21, 1932, for new auxiliary transmitter, to National Broadcasting Co.; WQAO-WPAP, Calvary Baptist Church, New York;

consent to voluntary assignment of license to Marcus Loew Booking Agency; WRNY, Aviation Radio Station, Inc., New York, N.Y., consent to vol. assignment of license to Marcus Loew Booking Agency; KGHI, O. A. Cook, Little Rock, Ark., consent to vol. assignment of license to Loyd Judd Company; KREG, The Voice of the Orange Empire, Inc., Santa Ana, Calif., license to cover CP issued Nov. 9, 1932, for change in equipment; KGHF, Curtis P. Ritchie and Joe E. Finch, Pueblo, Colo., consent to vol. assignment of license to Curtis P. Ritchie and George J. Ikelman.

The following applications for renewal of license have been resubmitted:

KFEL, Eugene P. O'Fallon, Inc., Denver, Colo., 920 kc., 500 w., Shares KFXF; WFI Broadcasting Co., Philadelphia, 560 kcs., 500 w., shares WLIT; WLIT, Lit Bros. Broadcasting System, Inc., Philadelphia, Pa., 560 kcs., 500 w., shares WFI.

The following applications for renewal of license have been returned to the applicants as they were not in proper form for commission consideration:

WSAZ, WSAZ, Inc., Huntington, W.Va.; WGBI, Scranton Broadcasters, Inc., Scranton, Pa.; WOBV, WOBV, Inc., Charleston, W.Va.; WTAG, Worcester Telegram Publishing Co., Inc., Worcester, Mass.; WNOX, WNOX, Inc., Knoxville, Tenn.

Applications - Other Than Broadcasting

W3XB, James C. McNary, College Park, Md., license covering CP for 3,492.5, 6,425, 8,655, 4,797.5 kc., 20 w.; general experimental station; WHM, Aeronautical Radio, Inc., Indianapolis, Inc., license covering CP for 2,906, 3,072.5, 3,088, 4,967.5, 4,987.5, 5510, 5540, 5672.5, 5692.5, kc., 400 w., aeronautical station; WSA, Radiomarine Corp. of America, New London, Conn., mod. of license for change in frequencies to 500, 478 kc., marine relay service and coastal telegraph station; KPK, Radiomarine Corp. of America, Portland, Oreg., mod. of license for change in frequencies to 143, 500, 141, 170, 478 kc., marine relay service and coastal telegraph station;

W2XCJ, City of Bayonne, Bayonne, N.J., mod. of CP for ext. of CP from April 30, 1933 to May 30, 1933, gen. exp. station; New, Aeronautical Radio, Inc., Augusta, Ga., CP for 2922, 2986, 4122.5, 5652.5, 2380, 4745, 6590, 6600 kc., 20 w. aero and aero pt. to pt. station; W9XA, National Brdcstg. Co., Inc., Denver, Colo., ren. of spec. exp. lic. for 830 kc., 12.5 kw.; Westinghouse E. & M. Co., Chicopee Falls, Mass., lic. for spec. exp. station, 300 kc., 100 w.; WPF, Toms River Police Dept., Toms River, N.J., lic. covering CP for 2430 kc., 50 w., municipal police station; WAI, American News Corp., Atlanta, Ga., mod. of CP for ext. of CP to March 15, 1933-Sept. 15, 1933.