# HEINL RADIO BUSINESS LETTER

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MATIONAL BROADCASTING COMPANY, II.

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No. 658

## DENYING MISREPRESENTATION TELEVISION COMPANY APPEALS

Contending that the decision of the Federal Radio Commission in refusing to renew its licenses on the ground that the operation of Stations WlXG and WlXAU "has been used as a basis for stock promotion activities out of all proportion to the actual accomplishments" is contrary to the facts, the Shortwave and Television Corp. of Boston has filed an appeal in the Court of Appeals of the District of Columbia.

Through its attorneys, Elisha Hanson and Eliot C. Lovett, the Television Corporation contends that the Radio Commission has no authority under the law to appraise the activities of a license or to deny a license unless alien ownership or control by other than the applicant is disclosed or there is a violation of the terms of the license. There was a further contention that the decision of the Commission tends to usurp the functions of the Federal Trade Commission which has authority under the 1933 Securities Act to prohibit or control stockselling.

Since the case was set for a hearing by the Radio Commission, the Shortwave & Television Corporation has become a subsidiary of the General Electronics Corporation, a new company organized to take over a number of other companies in the electrical field.

"While it is true that the General Electronics Corporation stock is listed on the New York Produce Exchange, it is equally true that the record is devoid of any reference to extensive promotional activities in either Shortwave and Television Corporation stock or General Electronics Corporation stock", the statement of appeal sets forth.

Radio Commission, and months prior to the decision which was handed down on September 12, 1933, Congress enacted the Securities Act of 1933, which, immediately upon going into effect, gave to the Federal TradeCommission jurisdiction over such activities of the General Electronics Corporation as the Commission complains of in the decision. It is pertinent to point out that at no time since the enactment of the Securities Act has the Federal Trade Commission made any inquiry or report on the General Electronics Corporation. That corporation occupies a position no different from that of any other concern the stock of which is listed on any of the exchanges of this country."

In their notice of appeal, the Shortwave and Television Corporation further contend that inasmuch as no revenue can be derived from the actual operation of these stations, because of licenses granted to them for experiment purposes only, income had to be provided from other sources. At first it came in the nature of contributions from individuals, one of whom alone contributed in excess of \$100,000 in cash.

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"As the manufacturing business grew, the demands for a more stable plan of financing became imperative, with the result that stockholders in the company contributed a large volume of their stock to the treasury, some of which stock in turn was sold to provide for the manufacturing expenditures and development", the Television Corporation contends.

"The company itself never advertised its stock for sale but did sell various blocks of its stock to brokers, who in turn listed it on the New York Produce Exchange, where it was subject to open trading. Before the stock could be listed, it was necessary for the company to file a financial statement, and such a statement was prepared by a professor of accounting in one of the universities located in Boston and submitted to the Exchange.

"During the entire period of the company, no stockholder has ever drawn out one cent in the nature of bonuses or dividends. The record in the case shows that the company has been efficiently and economically managed and that practically all of themoney which has been contributed to it or which was derived from the sale of the stock donated to its treasury by those who originally contributed money for its development has been devoted entirely to the work of the company."

Among other reasons for appeal are that the Commission in denying renewal of licenses will cause a loss of the company's investment and will terminate the employment of many persons who are engaged in the television and shortwave development. Also that the decision of the Commission is in conflict with the stipulation of its counsel that the operation of these stations from a technical standpoint has been satisfactory.

The Shortwave & Television Corporation claims to have been one of the first, if not the very first, to broadcast joint vision and sound programs. During the eclipse of 1932, it operated its stations for a period in excess of one week without a single minute's interruption, in order that independent scientists, among them Professor Gleason W. Kendrick of Tufts College, might make a thorough study of the effects of the eclipse on radio waves.

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#### WORLD'S SERIES BROADCAST PRICES TOO HIGH FOR HIM

W. M. Robertson, of Station WMBH, at Joplin, Mo., has asked the Radio Commission to cancel his request for special authority to broadcast "because of inability to obtain programs except at excessive prices."

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## BRITISH RADIO INDUSTRY FORGES AHEAD

Rapid progress in the British radio industry is reported to the Commerce Department by Assistant Trade Commissioner Henry E. Stobbins, London. This development, it is pointed out, is the result of the introduction of protective duties and patent pool action against foreign manufacturers.

At the recent National Radio Exhibition which has just closed, there were 200 British exhibitors, representing a combined capital of 80,000,000 pounds. As a result of lower prices and increased demand, the actual volume of business done at the show is officially given at 26,000,000 pounds, the report states.

This will necessitate the production of a million and a quarter radio receivers at a total cost of 14,400,000 pounds; 13,000,000 batteries, value 6,000,000 pounds; 3,800,000 tubes costing 2,300,000 pounds and 7,400,000 other components and accessories costing 3,100,000 pounds.

It is estimated that as a result of the sales push initiated by the exhibition, 750,000 new radio receivers will be sold during the coming season in addition to 1,250,000 replacement sets. It is stated that production will have to be stepped up to meet this demand and will involve additional factory space of 250,000 square feet and increased employment of 150,000 workers.

Indications point to a continued decline in the sale of American radio sets in the British market, according to the report. The prevailing opinion in the trade holds, it is pointed out, that the only remaining chance for American manufacturers is to establish plants in Great Britain either on a straight production basis or by assembly arrangement with a British firm.

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#### WOULD HAVE CITY DISPOSE OF WNYC

Included in administrative savings totaling \$25,000,000 which New York City could make, Peter Grimm, Chairman of the Municipal Economy Committee, recommends that the city sell WNYC, its municipally owned broadcasting station, which he declares is ting operated at a loss.

WNYC is a 500 watt stations which formerly shared time with WMCA on 570 kilocycles but after a court fight was shifted to 810 kilocycles, the same channel as WCCO, Minneapolis, both stations broadcasting full time.

The New York Municipal station has repeatedly been under fire as a result of claims of political partisanship and other allegations.

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### SEES DANGER IN NRA USE OF RADIO

Apprehension with regard to the Administration and General Johnson turning so frequently to the radio is seen in the annual report made by Dean Carl W. Ackerman of the Columbia School of Journalism to Dr. Nicholas Murray Butler, President of the University.

"The refusal of many daily newspapers to give advertising space to the NRA was brought to the attention of the American people by General Johnson over the radio", Dean Ackerman wrote.

"True, it was subtly done and it was only an incident, but the fact should be recorded that any government in Washington may, if it wishes, use the radio - a channel of communication subject to Federal license - to build a backfire in American homes against any individual, business or institution, even though the First Amendment of the Constitution guarantees freedom of opinion, speech and assembly or petition.

"The press is unquestionably an important factor in the reflective processes of the people because by publishing all sides of public questions, it is contributing to the development of individual analysis and criticism. This is not applicable to the radio in its present state of development.

"The radio has magnified the power of the orator, which has been a potential danger to democracy throughout our history. It has not increased the power of individual reflection to the same degree."

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#### McCOSKER LIKELY TO BE RE-ELECTED NAB PRESIDENT

There seems to be every likelihood that Alfred H.
"Hollywood" McCosker of WOR, will be re-elected as President of
the National Broadcasters' Association at its annual convention
at White Sulphur Springs, October 8. Mr. McCosker's year of
service with the NAB, carrying with it the extra NRA Code duties
has been the most strenuous in the history of the organization.
General satisfaction seems to prevail with regard to McCosker's
leadership. As a result of this, it is believed he will be
returned by acclamation for another term of office.

Mr. McCosker has just finished his tenth year with Station WOR and received many congratulations upon this occasion.

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#### WMT'S WHOLE SALES FORCE KILLED IN AUTO CRASH

In an automobile accident near Denver, Ia., Howard Harrington, Vern King, and Harry Kiester, the entire sales force of Harry Shaw's Station WMT, at Waterloo, were killed. They were returning from an out-of-town broadcast when their car was struck at a road intersection and overturned.

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## ALLOWED NRA OFFICIAL TO COOL HIS HEELS

The resignation of John Elwood, Vice-President in charge of political, educational, religious and international broadcasts of the National Broadcasting Company, revives a story of treatment he is alleged to have accorded one of General Hugh Johnson's aides from Washington who called upon him When R. D. Dolph, head of the Radio Division of the NRA sent his card to Mr. Elwood, he was told the NBC official was pretty busy and to come back again next week.

Mr. Dolph is said to have replied that the NRA speaking engagements he hoped to book through Mr. Elwood would all be over in a week and that would be too late. Finally Mr. Dolph was told maybe Elwood could see him "day after tomorrow". Whereupon the NRA official turned on his heel and went to Columbia where he is reported to have been received immediately and where he reciprocated by giving NBC's rival the cream of the NRA speakers.

His remarks upon returning to Washington were described as caustic and to the effect that "there was an air of closed doors about the NBC and whether there was anything really going on behind them, visitors were kept waiting outside for awhile to get them in a humble and proper frame of mind before letting them in."

To make the incident the more embarrassing, just as Elwood happens to be a cousin of Owen D. Young, Dolph is a brother-in-law of Herbert L. Pettey, Secretary of the Federal Radio Commission, the man Postmaster General Farley recently referred all Democratic National Committee broadcasting matters to. Pettey not only stands O.K. with Farley, but also with the President.

The immediate cause of Elwood's resignation is reported to have been a disagreement with Richard C. Patterson, Executive Vice-President of the NBC, but this could not be confirmed in Washington.

## CODES OCCUPY BOTH RMA AND NAB

The time of the general meeting of the Radio Manufacturers' Association members to discuss the Code Tuesday (September 26) in New York has been changed to 2 o'clock in the afternoon. The Board of Directors will have a preliminary session at 10:30 o'clock in the morning.

The National Association of Broadcasters' Code Committee has been called to Washington for Tuesday morning and will be held in session for the NAB Code meeting to be held Wednesday (Sept. 27).

A group producing recorded programs headed by Major J.
Andrew White, of the American Broadcasters, New York, has asked to
be heard in connection with the Broadcasters' Code. Among those
associated with Major White in this are (Charles) Winninger,
McNamara & Culbertson, Osborne & Souvaine, Allied Productions,
Broshen Enterprises, Leading Attractions, Inc., Joyce A. Vertchamp,
Georgia Backus (News Events, Inc.), Pete Dawson-Jesse Butcher, Inc.,
R. A. Wachsman and George Mack.

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#### AYLESWORTH DESCRIBES NEW RADIO CITY STUDIOS

A six-page statement by Mr. M. H. Aylesworth, President of the National Broadcasting Company was released September 19, giving a detailed description of the new studios and offices occupying 12 floors in Radio City which will be opened officially on Tuesday, November 15 with a special inaugural program. A statistical summary which Mr. Aylesworth gives with regard to new layout follows:

NBC space - 400,000 square feet; number of studios - 35; Number in operation at opening - 16; Miles of wire in NBC quarters -1,250; miles of cable - 89; Microphone outlets - 250; Soundproof Doors - 296; Electric Clocks - 325; Wall Fabric - 244,908 sq. ft; Drapes - 4,698 sq. feet; Rockwool for Sound-Proofing - 500,000 pounds (11 carloads); Perforated Transite for Sound-Proofing -153,600 sq. ft.

Mr. Aylesworth emphasizes the preparations which have been made to take care of visitors who wish to witness the broadcasts. This struck a visitor from Washington as being one of the outstanding features of the new set-up. Visitors are taken by special elevators to the fourth and ninth floors, on which are balconies overlooking the two and three story studios. The hall walls are lined with plate glass windows so that visitors may see what is going on in the studios. In the second largest studio, dedicated to the Radio Guild, and for presenting dramatic productions, there is a stage and glass curtain so that visitors may witness the program without disturbing the players.

This is the second largest studio in the place - 50 x 89 feet. The largest studio is 78 x 132 feet and is three stories high. It has a stage which can accommodate a 100 piece orchestra

and there are provisions for 250 spectators.

## : BUSINESS LETTER NOTES :

Col. George M. Studebaker, scion of the pioneer Indiana manufacturing family, and backer of Colin B. Kennedy when the latter opened his radio factory at South Bend, has filed a bank-ruptcy plea with assets of less than \$5,000 and debts of \$2,500,000.

Colonel Studebaker, who is now 68 years old, and whose fortune several years ago was valued at clost to \$4,000,000, was a victim of the Insul Utilities collapse.

The New York radio-electrical show in Madison Square Garden attracted 15,000 visitors Wednesday and it was estimated that the attendance by closing time Thursday night would reach 30,000, assuring the exhibition of financial success. It was reported that the number of orders taken at the show was highly satisfactory to the exhibitors.

Announcement has been made by the Treasury Department of the allowance of drawback on radio condensers manufactured by the Radio Condenser Company, of Camden, N. J., with the use of sheet aluminum.

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#### RCA APPEAL SUSTAINED IN CABLE RADIO TUBE SUIT

The United States Circuit Court of Appeals for the Second Circuit has handed down a decision sustaining the contentions of the Radio Corporation of America in a suit against Cable Radio Tube Corporation. The decision affirms previous decisions of the District Court of the United States for the Eastern District of New York, from which the defendant appealed to the Circuit Court.

An appeal was taken after the Federal District Court adjudged the tube company in contempt and imposed fines for violation of writs of injunction forbidding it to continue to manufacture radio tubes defined in the Court's decree in 1930 as violations of RCA patents. Consolidated with the tube company's contempt appeal was its appeal from a denial by the same Court of a motion to vacate or modify the injunctions.

After a full discussion of the various contentions of the tube company, the Circuit Court of Appeals in an opinion written by Judge Augustus N. Hand, held the defense was "unsubstantial" because the existence of the alleged, unwritten, special privilege agreement was "inherently improbable"; that "its authorization by the Radio Corporation was insufficiently shown", and that "it could not be proved owing to the statute of frauds."

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## CORRECTION

In connection with an item about the beneficial treatment of ultra-short waves in deep seated abscess cases, noted by Dr. Erwin Schliephake a German physician, which we reported September 15, there appeared a reference to a radio set developed by Dr. Willis A. Whitney of the General Electric Co. which (we wrote) "he claimed was capable of killing bacteria".

This we are informed by Mr. J. Liston of the Publicity Department of the General Electric Company was not quite accurate.

"We would suggest", Mr. Liston writes, "the following wording, 'A radio set was developed several years ago by Dr. Willis R. Whitney of the General Electric Company which has proved effective in treating a number of diseases by the production of artificial fever.'"

R. D. H.

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WOULD DISREGARD QUOTA FOR LOCAL REMOTE REGION STATIONS

To better serve remote regions in overquote States, Federal Radio Commissioner Lafount would allow stations of 100 watts or less erected without being charged to the quota. Commissioner Lafount, however, added the proviso that such a station be located at least 100 miles from a 5,000 watt station, at least 75 miles from any station of 250 or more watts and less than 5,000 watts and 50 miles from any station classified by the Commission as local.

Commissioner Lafount made a motion to this effect at the last meeting of the Radio Commission and it is believed that it will be favorably acted upon by the Commission.

Commenting on the motion, Mr. Lafount said:

"This plan would make possible the establishing of a few 100 watt stations in communities not now enjoying good radio reception, and would eliminate about thirty existing local stations from quota charge; the object being to more nearly provide equality of radio reception."

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#### TREASURY ACTS IN TRADE-MARK VIOLATION

It appears that certain phonograph records are being imported in violation of the trade-mark rights of the RCA Victor Company, Inc., the Treasury Department is notifying Collectors of Customs, "and it is the practice of the foreign shippers to paste half-labels over the trade-marks prior to shipment of the records to this country, which half-labels are easily removed by the application of water."

The Treasury Department has held that "the covering of the trade-marks by pasting half-labels over the same does not constitute an obliteration as provided or contemplated by the law, and the importation of such merchandise should be prohibited when consigned to a person or firms other than the RCA Victor Co., Inc.

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## WBAL STAGES FIRST EXHIBIT AT MD. STATE FAIR

Marking the first time in the fifty-three years of the Maryland State Fair that a broadcasting station has ever been included among the exhibitors, WBAL, Baltimore, put on quite a show at the Fair at Timonium recently.

Frederick R. Huber, Director, arranged for display space to give thousands of listeners a vivid eye impression of WBAL and its many programs and products.

WBAL's exhibit was strikingly placed in the centre of Exhibition Hall, the main show building on the Fair grounds, and no matter what door the visitors entered, the first thing that caught the eye was the beautiful black and silver sign that topped the exhibit and heralded "The New WBAL". The entire show was arranged against a background of golden-rod and black (WBAL's station colors) while the various displays themselves were in many vivid shades, so that the general effect made this one of the most brilliant displays in the entire hall. A spot-light played constantly on the glittering "New WBAL" sign.

Visitors to the Fair, which numbered approximately 80,000 persons, continually thronged the Exhibition Hall and from the moment the Fair opened until it closed, there was a constant press of people about the WBAL exhibit. Among those who expressed pleasure at the display of WBAL was Governor Albert C. Ritchie, who remarked he thought this exhibit was "fine and very worth while". A WBAL microphone stood at one end of the exhibition display space, while two turn-tables each 6 ft. in diameter, and placed at each end of the exhibit gave a moving exhibition of various products, artists' pictures and other special features. There was also included a comprehensive display of vacuum tubes, from the smallest to the largest in use at WBAL. Various slogans and signs told listeners about the new WBAL, its efficiency and dependability and its 10,000 watt power, its new antenna system, and other salient facts regarding the station and of general interest to the listener.

#### WYNN PROMISES 16 STATION NETWORK FOR OPENING

Invitations for the Amalgamated Broadcasting System (Ed Wynn's chain) grand opening Monday night (September 25) have reached Washington. Also the definite assurance that at least 16 stations will be included in the network that night.

As yet the program which will last four hours, is in a tentative form but includes greetings from Washington and from radio, stage and screen celebrities in New York.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

# Applications Granted (Sept. 22,1933)

WBZA, Westinghouse Electric & Manufacturing Co., Springfield, Mass., license covering changes in equipment, 990 kc., 1 kW, unlimited time when synchronized with WBZ; KGFX, Dana McNeill, Pierre, S. Dak., license 630 kc., 200 watts, specified hours (9:30 A.M. to local sunset); WOAI, Southern Equipment Co., San Antonio, Texas, modification of license to change corporate name only to Southern Industries, Inc.; KLCN, Charles Lee Lintzenich, Blytheville, Ark., modification of C.P. extending completion date to Nov. 1, 1933; WPTF, WPTF Radio Co., Raleigh, N. C., authority to operate Tuesday, Oc. 10 to 11 P.M. and Wed. Oct. 11 to 2 A.M., Oct. 12, EST, simultaneously with KPO, San Francisco; KRMD, Radio Station KRMD, Inc., Shreveport, La., authority to operate specified hours and days in Oct. and Nov. for football games; WSUI, State University of Iowa, Iowa City, Ia., special temporary authority to operate from 10 P.M. to 12 midnight, CST, Oct. 20 and 21, 1933; WICC, Bridgeport Broadcasting Station, Inc., Bridgeport, Conn., special temporary authority to operate from 7 to 8 P.M. EST, Oct. 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 16, 1933, provided Station WCAC remains silent.

Also, <u>WHEW</u>, Richard E. Byrd, "Bear of Oakland", Boston, Mass., 3rd class public radio station ship license to expire Feb. 1, 1935, frequencies above 3000 kc. for ship telegraph service in conformity with Rule 285a to communicate primarily with coastal and maritime mobile stations, and with amateur stations, provided no interference is caused, and no pecuniary interest is involved; also <u>KJTY</u>, RichardE. Byrd "Pacific Fir", Boston, Mass., 3rd class public radio ship license to expire Feb. 1, 1935, frequencies above 3000 kc. for ship telg. service in conformity with Rule 285a and frequencies above 6000 for ship telephone service in conformity with Rule 285b except 8830, 13215, 17640 kc., to communicate with coastal and maritime mobile stations and with amateur stations, provided no interference results, and no pecuniary interest is involved; City of Albany, Albany, N. Y., C.P. for police service, 2414 kc., 100 watts, unlimited time; WPET, City of Lexington, Lexington, Ky., modification of police serv. license to increase power from 200 to 500 watts.

Also, National Broadcasting Co., Inc.: New, portable and mobile, C.P. for general experimental service, 1594, 3492.5, 4797.5, 6425, 8655, 12862.5, 17310, 25700, 26000, 27100, 34600, 41000, 51400, 60000-400000, 401000 kc., and above, 100 w.; New, - general experimental C.P. 17310, 25700, 26000, 27100, 34600, 41000, 51400, 60000-400000, 401000 and above, 150 watts; W9XA, Denver, Colo., renewal of experimental special license, 830 kc., 12.5 KW; RCA Communications, Inc. WQB, New Brunswick, N. J., modification of license to change primary points of communication from Port-au-Prince, Santo Domingo, Paramaribo, and Curacao to Brussels; Aeronautical Radio, Inc.: WAEQ, Elmira, N. Y., aviation-aero. license, 3127.5, 3232.5, 3242.5, 3257.5, 3447.5, 3457.5, 3467.5, 3485, 5602.5, 5612.5, 5632.5 kc., unlimited, 4917.5, kc day only, 400 watts; KGTF, Fort Worth, Texas, aviation-aero. pt. to pt. license, 2316, 2356, 3467.5, 4740 kc., unlimited, 6540, 6550, 6560, 8015 kc., day only, 150 watts; Western Air Express, Inc., on aircraft, authority to operate on aircraft station as a broadcast pickup station on Sept. 24, to broadcast talk by Elliot Roosevelt, program to be rebroadcast by KSL, Salt Lake City.

## Renewal Of Licenses

For the regular period: WCAM, Camden, N. J., WCAP, Asbury Park, N. J., WLB, Minneapolis, WRR, Dallas, WSBT, South Bend, Ind.; WTNJ, Trenton, NJ., KGBZ, York, Neb., KVOR, Colorado Springs, Colo., and KWSC, Pullman, Wash; WHA, University of Wisconsin, Madison, Wis., and KWWG, Frank P. Jackson, Brownsville, Texas, granted temporary licenses subject to such action as the Commission may take on their pending application for renewal.

## Action On Examiners Reports

WJBY, Gadsden Broadcasting Co., Gadsden, Ala., granted application to reconstruct and operate station at new location in Gadsden, sustaining former Chief Examiner Ellis A. Yost; WDRC, WDRC, Inc., Hartford, Conn., granted an increase in power from 500 watts to 1 KW on present frequency - 1330 kc., sustaining former Chief Examiner Yost; WGNY, Peter Goelet, Chester Township, N. Y., granted increase in power from 50 to 100 watts, sustaining Examiner George H. Hill.

# Ratifications

Action taken Sept. 9 - New, KFAB Broadcasting Co., Lincoln, Neb., granted CP 2478 kc., 2 watts, also authorized to use station from Sept. 22 to 24 inclusive; Action taken Sept. 16: KWKC, Wilson Duncan Broadcasting Co., Kansas City, Mo., granted authority to take depositions of certain witnesses on Sept. 21 at Kansas City, in re their application for modification of license; Action taken KDWS, Radiomarine Corp. of America, Washington, D. C., granted 60 day authority to operate transmitter aboard vessel President Roosevelt, pending receipt and action on formal application, 375 to 500 kc., 50 watts; WKBH, WKBH, Inc., LaCrosse, Wis., granted special temporary authority to operate one week with 500 watts, pending repairs to generator; Action taken Sept. 20: granted special authority to construct and operate station, frequencies 1560 and 2390 kc., 7.5 watts, period of operation Sept. 20 to 25, also authorized to operate station KIGA during this period in connection with search being conducted in northern Minnesota (This latter ratification refers to New and KIGA, National Battery Broadcasting Co., St. Paul, Minn.) X X X X X X X- 12 -