

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

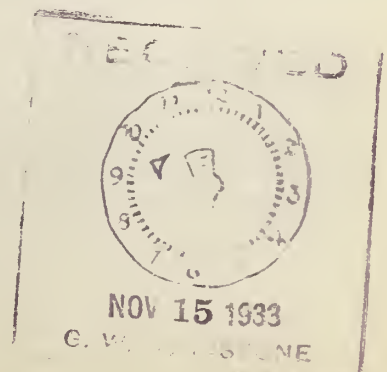
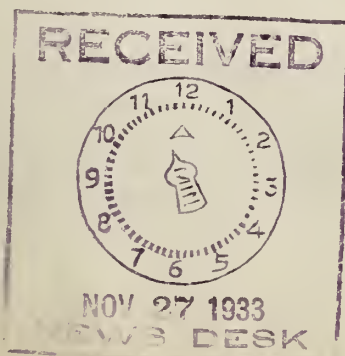
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INDEX TO ISSUE OF NOVEMBER 14, 1933.

Foreign Broadcasting Involves Drastic Policing Problems.....	2
Court Awards \$254,000 Fee In Old Sayville Case.....	3
Expense Forces Broadcasters To Omit Radio Set Count.....	3
Montevideo Conference To Consider Radio.....	4
Veto Special Frequency For Land S.O.S.....	4
Tow Big Radio Shows For 1934.....	5
Private Composers Broadcasters' Settlement Reported Off.....	6
Radio Official Becomes South Carolina Colonel.....	6
McClelland To Head New Network.....	7
Wholesalers' Code Will Probably Mean 40% Employment.....	7
Philco Begins Great Xmas Advertising Drive.....	8
Business Letter Notes.....	9
Code Submitted To General Johnson And President.....	10
District Court Upholds Radio Commission.....	10
Decisions Of The Federal Radio Commission.....	11

No. 673



FOREIGN BROADCASTING INVOLVES DRASTIC POLICING PROBLEMS

The system of licensing radio receiving sets, the alternative adopted in many foreign countries where advertising is incapable of supporting broadcasting, or at least is not doing so, is responsible for the imposition of some severe penalties, according to Lawrence D. Batson, Electrical Equipment Division, Department of Commerce, who is studying foreign broadcasting policies in an effort to determine the potentialities for the sale of American electrical equipment.

Fine or imprisonment or both is provided as a penalty in many foreign countries for the operation of an unlicensed set. The laws of Bulgaria provide that a person operating a radio receiving set without authorization of the Government is subject to a heavy fine and imprisonment in solitary confinement for a period of six months. Despite the severity of the penalty provided by the law, it is estimated in Bulgaria that a large number of radio sets are being unlawfully operated in that country.

Many methods have been devised to detect the unlawful operation of sets, according to Mr. Batson. In some countries, however, the authorities accept such fees as are voluntarily offered and assume that there are no infractions of the law.

The entire police and military forces of Germany are available for use in detecting the unlawful use of receiving sets in that country. The United Kingdom employs modern scientific equipment to detect offenders against the law.

It has been said by law-enforcing officials of the United Kingdom that the psychological reaction to a visit to a district by one of the Government's mobile laboratories used to detect unlicensed receiving sets is evidenced by the number of applications for license immediately following such a patrol visit.

Confiscation of unlicensed radio equipment is a universal provision. There is no indication that the value of the equipment, however great, is considered in determining the penalty to be assessed.

The cost of detecting, seizing and prosecuting persons operating unlicensed receiving sets is usually accounted for under the general overhead of police and court expenses and may not be determined with any accuracy since such cases are classed as routine in police chronicles and not considered by them with special report.

Reports detailing the operation of radio broadcasting systems in 35 countries have now been made available in the current series being conducted by Mr. Batson. Approximately 15 more countries will be covered to complete the study.

The complete series of studies is available from the Department of Commerce for \$10. Studies concerning broadcasting systems in individual countries are available at 25 cents each.

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COURT AWARDS \$254,000 FEE IN OLD SAYVILLE CASE

Justice Jennings Bailey, District Supreme Court, last week in Washington, D. C. issued an order allowing four attorneys who represented a one-time German-owned radio station at Sayville, Long Island, a fee of \$250,000, with five years' interest, for their professional services in obtaining a settlement when the Navy took over the station.

The station was taken by the Navy in February, 1917, because of complaint that it was assisting Germany's submarine warfare from what was then a neutral base. In 1928 an award of \$6,875,342.19 was made to compensate owners of the station, Gesellschaft Fur Drahtlose Telegraphie, M.H.B.

When this award was made, the Germany company discharged the four lawyers and employed other counsel. The four in whose favor the decree was made are Alfred Frankenthaler, now a New York Supreme Court Justice; John Wilson Brown, 3d, Washington; Alfred K. Nippert, Cincinnati, and George Frankenthaler. Paul E. Lesh represented the attorneys in their fight for a fee.

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EXPENSE FORCES BROADCASTERS TO OMIT RADIO SET COUNT

A proposal to have the Post Office Department make a nation-wide count of radio sets, several governmental agencies including the Agriculture and Commerce Departments and the Federal Radio Commission having expressed a desire that this be done, was submitted to the Directors of the National Association of Broadcasters by Philip G. Loucks, Managing Director. However, Mr. Loucks pointed out the fact that the Commerce Department had informed him that such a count would entail an expense of \$4,000 which would have to be met by the National Association of Broadcasters. The Directors turned the proposition down not feeling justified in obligating themselves to such an expenditure at this time.

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MONTEVIDEO CONFERENCE TO CONSIDER RADIO

Although not included in the agenda, it is probable that the question of radio communications will be taken up at the Pan American Conference at Montevideo "with a view to their improvement", according to the State Department. Evidently radio was an added starter and no one could be found who was willing to venture a suggestion as to what the nature of the conversations on this subject would be. One official said he thought this part of the agenda might be developed by Secretary of State Hull and the delegates while enroute to Montevideo.

The American delegation is composed, in part, of Reuben Clark, former Under Secretary of State, J. Butler Wright, Minister to Uruguay, Alexander Weddell, Ambassador to Argentina, Spruille Brudder, of New York, and Mrs. Breckenridge, of Kentucky.

Discussing the objects of the Conference in his weekly radio talk, Louis McHenry Howe, Secretary to the President, whose son, just out of Harvard, is an assistant secretary in the delegation, was asked if the proposed Pan American highway from the Texas border to Santiago, Chile, would be the main subject taken up at the Conference replied:

"No, this is just part of the plan to concentrate more or less at this meeting on immediate improvement of all different kinds of communications. While this particular one will perhaps result in a better knowledge of each other on the part of the peoples of all these countries than the other methods, it is, so far as economic relationship is concerned, only one of the factors of transportation - the steamship, the railway, the automobile and the airplane."

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VETO SPECIAL FREQUENCY FOR LAND S.O.S.

Although the report has not yet been made public, it is understood radio engineers of the Federal Radio Commission, Army, Navy, Coast Guard and others comprising the committee called to consider the resolution of Radio Commissioner Harold A. Lafount to set aside a frequency for emergency use in case of disaster on land, such as floods, hurricanes or earthquakes, has recommended that this is impracticable. With the channels of two national networks, so many local stations, the Army and Navy nets, and about 40,000 amateurs, the committee considered it hardly possible that these could all go out of service at once. They considered a land "S.O.S." rather a matter of organizing the present facilities, which is not an engineering problem, than of assigning special frequencies to the work.

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TWO BIG RADIO SHOWS FOR 1934

Evidently encouraged by the phenomenal success of the New York Electrical Show, the Radio Manufacturers' Association Directors meeting in Chicago, decided to hold radio shows in the Fall of 1934 - one in New York and the other in Chicago. The exhibitions will include electrical household appliances as well as radio. The committee in charge will be composed of J. Clarke Coit, of Chicago, James M. Skinner, of Philadelphia, and Bond Geddes, of Washington.

Rather than impose a special assessment on RMA members for expenses of code enforcement and administration, the Directors decided that such expenses of Supervisors Murray and Muter will be paid from the treasury.

The Directors authorized Paul B. Klugh, of Chicago, Chairman of the Legislative Committee, to conduct a campaign for repeal or modification of the existing 5 percent excise tax on radio and phonograph apparatus. Thus the radio industry will join other industries requesting the next Congress in January to abolish the radio and other "nuisance" taxes in the existing law which produce comparatively little revenue for the Government, burden the industry and for which receipts from new revenue may be substituted. Instead of the special and discriminatory tax on radio and phonograph apparatus, the Directors reiterated their endorsement of a general but small manufacturers' sales tax, applicable without discrimination to all manufacturers.

Mr. Klugh advised the Board of initial consideration being given in Washington to revision of the tax laws. The House Ways and Means Committee, where tax legislation originates, will meet December 4 and arrange for public hearings, and a hearing on the radio and phonograph tax schedule has already been assured.

A special committee to confer with the Federal Radio Commission on future broadcast facilities for television facsimile and other special services was appointed with Walter E. Holland, of Philadelphia, Chairman. Other members are J. W. Chambers, of Cincinnati, Ray H. Manson, of Rochester, N. Y., and Dr. W.R.G. Baker, of Camden, N. J.

The committee will confer with Dr. C. B. Jolliffe, Chief Engineer, and other experts of the Federal Radio Commission regarding the future broadcast frequencies to be assigned in developing visual broadcasting. The committee was chosen on recommendation of the special RMA Committee of Executives, headed by E. T. Cunningham, of New York, and including Powel Crosley, of Cincinnati, W. Roy McCanne, of Rochester, and James M. Skinner, of Philadelphia.

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PRIVATE COMPOSERS BROADCASTERS' SETTLEMENT REPORTED OFF

What purports to be an inside story on a proposed settlement of the broadcasters copyright situation, appears in the current issue of Billboard:

"At a meeting of the American Society of Composers Board, Louis Bernstein, music publisher, said that he feared that the suit brought by WFI and Isaac D. Levy, of Philadelphia, would be successful and the ASCAP broken up", Billboard relates. "He outlined a plan whereby he could successfully fix it so that the suit would be dropped or lost by WFI, that he had a contact who would guarantee him that the broadcasters would pay the same sum to ASCAP for the next 10 years as they are now paying. Also he could get a bonus the first year of not less than \$300,000 for the Society."

"Isaac D. Levy was Bernstein's contact man, and a group met as per schedule. Those attending, in addition to Bernstein and Levy, were Gene Buck, President of ASCAP; Fred E. Ahlert, writer; Sigmund Romberg, composer and President of the Song Writers' Protective Association; Robert Crawford, of DeSylva, Brown & Henderson, Inc., and Gustave Schirmer.

"Soon after the gathering met, Romberg bluntly stated that he was now getting \$6,000 annually from the Society and he would be getting \$16,000 within 10 years from now. Getting a negative reply, he immediately left the conference. Levy subsequently reneged on his \$300,000 bonus offer and could not say definitely the broadcasters would continue to pay the same fees for the next 10 years, but he was pretty sure it would be okeh. He would throw in the Ricordi & Company catalog (of Italy) and promised to get rid of Oswald F. Schuette, handling copyright matters for NAB.

"Finally the meeting broke up with everything status quo, and Louis Bernstein is to make his report to the ASCAP Board that all bets are off. Meantime, Levy is seeking to build up a huge war chest for NAB to fight ASCAP, and his letters to broadcasters seek 10 per cent of the sums they are paying to ASCAP as performing rights fees for use of its music. Levy's slogan is 10 per cent now or 300 per cent in 1935."

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RADIO OFFICIAL BECOMES SOUTH CAROLINA COLONEL

Herbert L. Pettey, Secretary of the Federal Radio Commission, has been designated as a Colonel on the staff of Governor I. C. Blackwood of South Carolina.

Richard S. Roper, Secretary of the Democratic National Committee, and Edward A. Nicholas, Vice-President of the RCA Victor Company, also were appointed Colonels on the same staff.

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McCLELLAND TO HEAD NEW NETWORK

Organization of a third major radio chain, to compete with the existing National and Columbia systems was announced early in the week by George F. McClelland, former Vice-President of the National Broadcasting Company.

The new group is to include the principal independent stations, which will function as a unit on a mutual basis, the announcement said.

Joseph Schultz, of 522 Fifth Avenue, ^{New York City} who, as general counsel, is working out details of the organization, said that enough stations had been brought into line to assure that the new company would have an outlet in every State.

Under the mutual feature of the organization, Mr. Schultz explained, the participating stations will receive payment covering the actual cost of broadcasting programs and will, in addition, share in the profits of the system as a whole. The types of programs contemplated are similar to those of the National and the Columbia networks, he said. The new group plans to place greater restrictions on advertising and sales talks, Mr. Schultz said, and to devote part of its program to the broadcasting of news.

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WHOLESALE CODE WILL PROBABLY MEAN 40% EMPLOYMENT

Ben Gross, representing the Radio Wholesalers' Association, testified at the Wholesalers' Code hearing that his organization represented 90% of the trade. The radio wholesale business volume was \$500,000,000 in 1929, as against \$100,000,000 in 1932. This year Mr. Gross said the business probably showed a 12% increase.

The number employed last year was 5,000, and this year 6,000. Mr. Gross said when the industry came under the Blue Eagle there was a 24% increase in employment and that if the Wholesale Code is adopted, it will probably mean another 40% increase in employment.

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PHILCO BEGINS GREAT XMAS ADVERTISING DRIVE

"Philco has no delusions about business improvement this Fall", says Sayre M. Ramsdell, Manager of Sales Promotion. "It seems certain that business will be better, but as has always been the case in the past, and as always will be the case in the future, business will be best for those who go after it and go after it hard. Philco, despite its commanding position in the radio field is going to go after business through the coming year with the most aggressive and most extensive advertising campaign in all its history. Philco is now embarking on a newspaper campaign that will utilize newspapers from coast to coast in the greatest newspaper campaign ever sponsored by a radio manufacturer. I use the word 'sponsored' advisedly, for perhaps it will serve to remind some newspapers that the world's largest radio manufacturer will not allow their attitude toward radio to prejudice our advertising policy. We recognize the value of the newspapers, just as we recognize the value of radio and periodical advertising and all three mediums will be utilized in this great Christmas campaign."

"We have also substantially increased our magazine schedule and will continue the nightly broadcasts of Boake Carter.

"There has been a surprising upward trend in Philco sales abroad. This is particularly true of automobile radios. While, of course, we do not anticipate any comparison for foreign sales of automobile radios and American sales -- for which we are planning to supply 500,000 sets in 1934 -- yet there were seven Philco-equipped automobiles exhibited at the great Olympia Motor Show in London. In view of the many sad stories about the decline of American exports, it might be interesting to note that Philco is the largest and fastest selling radio in the Argentine, Brazil, Venezuela, New Zealand, the Union of South Africa and the Philippine Islands. Both Philco home radios and Philco automobile radios are selling fast in such widely separated points as the Scandinavian countries and Shanghai and sales in England show Philco among the leaders, too."

It is Mr. Ramsdell's opinion that the purchase of a real radio will be one of the first outlays made by men and women as they are re-employed, as radio offers the most complete and certainly the most inexpensive form of entertainment available today. Numerous radios of antique vintage, and thousands of small, inadequate radios are now in use in American homes and the replacement of these sets of inferior tone and ability is undoubtedly one of the great future markets for radio sales -- a market at which Philco is aiming.

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Great regret was expressed in radio circles in the passing of Rear Admiral Ridley McLean, U.S.N., who died at San Francisco while commanding the third division of the United States Fleet. Admiral McLean, when a captain, was Director of Naval Communications in 1924 and was succeeded by Rear Admiral (then Captain) T. T. Craven. Admiral McLean's work was characterized by thoroughness. He was largely responsible for the Navy adopting short wave and high frequency communication which system is said to be one of the best in the world.

Admiral McLean was very popular personally and was a man of means, having previously owned the beautiful residence occupied by Secretary Hoover in Washington where Mr. Hoover lived when he was nominated for the Presidency.

The new letterheads of the NBC, in use since the removal to Radio City carries the heading, "National Broadcasting Company, Inc., a Radio Corporation of American Subsidiary."

As a protest against the Columbia News Service, the two newspapers in Charlotte, N. C., the Observer and the News and the Oklahoman City Daily Oklahoman and Times have eliminated radio programs along with all other forms of radio news.

"In view of this direct invasion of the newspaper field", the Daily Oklahoman announced, "we do not feel justified in further cooperation with the Columbia chain."

A weekly sheet, Radio Aircast Weekly, immediately appeared on the streets of Charlotte carrying the week's programs for WBT and WSOC, local stations. It sells for five cents. Southern Radio News, Birmingham, Ala., is also making arrangements for a branch office here to issue a program weekly.

W. A. Schudt, Jr., manager of WBT, said that the two publishers had protested against the new Columbia news service and answered that this had been used only after the two papers and news services refused to supply material for news programs. He added that all news programs were concluded with: "For further details read your local papers."

Richard C. Patterson, Jr., Executive Vice-President of the National Broadcasting Co., Inc., announces the appointment of Don U. Bathrick as District Manager in Detroit, effective Nov. 1.

Previously to joining NBC, he was with General Motors and the Ford Motor Company. At one time he was Assistant General Sales Manager of the Pontiac Division of General Motors until the formation of the Buick-Oldsmobile Pontiac Sales Co.

CODE SUBMITTED TO GENERAL JOHNSON AND PRESIDENT

The Broadcasters' Code has now been submitted to General Hugh S. Johnson and the President. It is substantially as presented in the copy sent to you November 10th with the exception of the following changes which have been made since that date.

Page 2 - Article III, 1(a), Line 7 -- delete words "or employees".

Page 3 - Article III, 1(e), Line 3 - 4 - delete words "an average of"

Line 5 - insert words "averaged over" after word "work".

Page 4 - Article IV, 1(b), Line 2 - delete the words "at a rate of" after the word "paid" and insert the same words after the word "than" same line.

Line 5 - insert the words "for such employees" after the word "pay".

Page 5 - Article V, 5 Line 3 - insert the following sentence at the end of Section 5:

"Where on November 1, 1933, any broadcaster paid broadcast technicians wages in excess of the minimum herein provided for or worked such employees a lesser number of hours per week than herein permitted, such higher wages and such lesser number of hours shall be deemed to be and are hereby declared to be the minimum scale of wages and maximum number of hours with respect to such stations."

Page 5 - Article VI, Section 3 - Delete the entire section and number the following paragraphs in accordance therewith.

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DISTRICT COURT UPHOLDS RADIO COMMISSION

The Supreme Court of the District of Columbia before Justice Proctor, today in the matter of U. S. ex rel Moore vs. Federal Radio Commission, on argument of Commission's demurrer to petition and traverse of petitioner Moore, the Court sustained the Commission's demurrer, discharged the rule to show cause and dismissed the petition of Moore.

This was a Mandamus case seeking to compel the Commission to revoke the license of WMAL on the ground that it was owned by the National Broadcasting Company, a subsidiary of the

Radio Corporation of America which it was alleged was guilty of violating the anti-monopoly law.

A similar suit had been filed by C. Wood Arthur but was dismissed on the ground that Arthur had no financial interest in the licensee. Moore claimed a financial interest due to the fact that he had lost his position. The remedy here, according to the Court, was for Moore to sue the National Broadcasting Company for any loss he may have suffered.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted (Nov. 14, 1933)

KFPM, Dave Ablowich, d/b as The New Furniture Co., Greenville, Tex., unlimited time privileges on days the Greenville High School football team plays to December 1, 1933; WKBN, WKBN Broadcasting Corp., Youngstown, Ohio, special temporary authority to operate from 1 to 3 P.M. EST, on Thursday, Nov. 30, provided WOSU remains silent; KQV, KQV Broadcasting Co., Pittsburgh, Pa. special temporary authority to operate from 5:15 to 3:30 P.M. EST. on Sundays during remainder of the month of November and December provided WSMK remains silent; WSMK, Stanley M. Krohn, Jr., Dayton, Ohio, special temporary authority to operate from 7:15 to 7:30 P.M. EST, on Sundays, during remainder of month of November and the month of December provided station KQV remains silent.

Also, W10XAD, Bell Telephone Laboratories, Inc., NC-417--H and W2XBY, NC-952-V, renewal of special experimental licenses in accordance with existing licenses; Henry J. McFerren, Tiffin, O., renewal of present temporary amateur operator's license with unlimited phone privileges; because of blindness he is unable to appear for examination.

Miscellaneous

KWEA, Hello World Broadcasting Corp., Shreveport, La., application for consent to voluntary assignment of license to International Broadcasting Corp., designated for hearing because of protest filed Nov. 6, 1933, by Ark-La-Tex Radio Corp., Shreveport. Pending hearing the International Broadcasting Corp. is permitted to continue the operation of station KWEA in accordance with original grant made Oct. 31, 1933, pursuant to Rule 46; KECA, Earle C. Anthony, Inc., Los Angeles, Cal., denied petition to consolidate hearing on protest of KECA against granting of application of KFAC for increased hours of operation scheduled for hearing Dec. 5, 1933, and application of Earle C. Anthony, Inc., for increase in daytime power from 1000 watts to 2500 watts.

Ratifications

KSEE, Radiomarine Corp. of America, Washington, D. C., granted 60 day authority to operate additional transmitter pending receipt and action on formal application, frequency 375 to 500 kc., 50 watts; KMMJ, M. M. Johnson Co., Clay Center, Neb., granted authority to take depositions of witnesses on Nov. 15th - action taken Nov. 8th on both preceding authorizations; Action taken Nov. 10: KGFL, KGFL, Inc., Roswell, N. Mex., granted extension of special temporary authority to operate without approved frequency monitor for period of 10 days from Nov. 10; WMEF, National Broadcasting Co., Inc., Washington, D. C., granted authority to use station to make equipment tests in vicinity of Boundbrook, N. J., 1566 and 2390 kc., 100 watts; Action taken Nov. 11: KMPC, Beverly Hills Broadcasting Corp., Beverly Hills, Cal., granted special temporary authority to operate without frequency monitor for period of 10 days, provided assigned frequency is maintained.

Oral Argument Granted

The Commission, sitting en banc, will hear oral arguments on December 13, 1933, beginning at 10 A.M. in re Examiner's Report 512, in which the Examiner recommended that Don Lee Broadcasting System be permitted to erect a new radio broadcasting station at Redlands, Cal., to operate on 780 kc., 500 watts, unlimited time - the facilities in terms of units of stations KTM and KELW.

Attorneys for interested parties will be granted 30 minutes each for argument.

Application Denied

WJBW, Charles C. Carlson, New Orleans, La., denied authority to operate unlimited time on frequency 1200 kc., pending decision on application requesting unlimited time.

Set For Hearing

Grand Isle Wireless, Inc., Grand Isle, La., C.P.s for two new fixed public point-to-point telg. stations, 194 kc., 50 watts.

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