

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL—Not for Publication

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No. 677

November 28, 1933

PROMPT GRIGSBY-GRUNOW REORGANIZATION PROMISED

A telegram has been sent to all Grigsby-Grunow distributors and dealers by John F. Ditzell, General Sales Manager, justifying the action taken against the company in Chicago last week and assuring them of an immediate reorganization and increased business as a result.

"Through a petition filed in equity in the United States District Court, Chicago, and to which we consented, Le Roi Williams and Thomas L. Marshall were appointed by Federal Judge John P. Barnes operating receivers for the Grigsby-Grunow Company. It should be made clear this is not bankruptcy but a proceeding in equity. This was occasioned solely by the tremendous increase in our sales volume which, in fact, has placed us in a leading position in the industry. Continued operations of this company are assured on sound business policies. It will permit a prompt reorganization of our finances; also a definite program of permanent financing which will be consistent with the increased business Majestic is now enjoying.

"Majestic will be in a better position to serve you and the action will make possible increased manufacturing operations and more effective advertising and selling plans, all of which will become immediately effective. In January, Majestic will announce new and extensive radio plans, as well as the most sensational line of refrigerators ever introduced.

"The action that has just been taken relieves us of the burdensome handicaps under which we have been laboring for the past three years. It clears the track for full speed ahead and Majestic can now do all of the things that assure distributors and dealers of an unsurpassed product at the right price and with unequalled merchandising plans. We are enthusiastic and confident that this action will make possible the greatest era of prosperity in the history of Majestic. We are depending upon your continued support and cooperation."

A petition for a receiver was filed last Thursday on behalf of the P. R. Mallory Co. of Indianapolis, on a claim of \$14,785 for radio parts. Another petition was filed Friday by Joseph H. Tigerman, with a claim of \$26,350 for dividends and royalties; Dwight Brothers Paper Company, \$204 for goods, and Lambert & Mann, of Chicago, \$200 for goods.

The petition sets forth that Grigsby-Grunow Company is insolvent, with debts of more than \$6,000,000, and charges that while insolvent and within four months of the filing of its bill, it paid certain sums and made preferential transfer of securities.

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I. B. Lipson and Henry S. Blum, counsel for the company and the petitioning creditors, respectively asserted, however, that claims and debts totaled \$2,907,305 and bonds outstanding \$2,340,500, while the book value of assets was \$14,584,000, and current assets \$4,152,378.

Though assets exceeded liabilities, they said, their only course, in view of threatened actions, was to agree on an equity receivership.

The Grigsby-Grunow Company recently had been seeking an R.F.C. loan.

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COMMISSION HEARS WMCA WORKING OUT ANOTHER AGREEMENT

It is taking former Governor Alfred E. Smith, Chairman of the Federal Broadcasting Corporation, a longer time to answer the letter the Federal Radio Commission wrote to him than it did for the Commission to write it. After wrangling around the better part of a day, the Commission advised Governor Smith that it did not care to analyze the actual leasing contract the Federal Broadcasting Corporation made with Donald Flamm, owner of WMCA, New York, but specified that the licensee of the station must be held responsible for programs, equipment, personnel, operations and management. Unless the contract provided for these things, it is understood the Commission said they would be unable to approve it.

At that the Commissioners were said to have been divided among themselves at the time the letter was written, one Commissioner taking the ground that under a contract such as Flamm originally made, the Commission might not be able to control the station. Another Commissioner, and an important one, stoutly maintained that if a station could sell 15 minutes of its time to one person, why couldn't it sell all its time?

Anyway, no reply has been received from Governor Smith by the Commission and it is understood, unofficially, that the original lease of Flamm's which called for \$155,000 a year, has been torn up and the former N. Y. Governor and Mr. Flamm are endeavoring to work out another agreement.

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SAY CHAINS WILL NOT PAY FOR SPACE IN WASHINGTON PAPERS

It is reported that all newspapers in Washington will cease printing radio programs Friday, December 1. After this date it is said stations will be required to pay a rate of 50 cents a line for program listings and that it will be necessary for the stations to place such listings in all of the papers included in the agreement.

Three of the four stations in Washington are owned by the National Broadcasting Company and Columbia, and it is understood that both networks have decided not to advertise in the Washington papers.

"Either radio programs are news", one of the network representatives was quoted as saying, "in which case it is valuable to the newspapers, or radio programs are not news in which case it is not worth our paying a lot of money to advertise them."

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SEEK ULTRA-HIGH FREQUENCIES FOR 2-WAY TELEPHONES

The Jersey City Police Department and the Dalzell Towing Company, of New York, are among the first to apply to the Federal Radio Commission for the use of the ultra-high frequencies. The Jersey City police desire to establish 2-way communication with their police cars, and the Dalzell Towing Company, which operates in New York Harbor, desires to talk back and forth with the captains of its towboats.

The Jersey City application requested authority to build a station at police headquarters and install combination sending and receiving sets of only $4\frac{1}{2}$ watts power in police scout cars. Because of the coverage properties of these channels, it is figured that this power will be sufficient to maintain two-way direct communication between police headquarters and the scout cruisers over the entire city area.

At present nearly 100 city police departments are using radio in crime detection. These services, however, are "one-way" and there is no way of knowing whether the messages are picked up.

The Dalzell application requests authority to build a 25-watt station at headquarters in New York City and to equip 10 tugs with two-way sets, using $4\frac{1}{2}$ watts power, to enable the vessels to communicate with headquarters in dispatching of tugs and in reporting bearings.

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BELIEVE CODE WILL RESULT IN LONGER LICENSE PERIODS

When President Roosevelt signed the Broadcasters' Code at Warm Springs, Ga., (Monday, Nov. 27), it was believed to foreshadow a longer term of license for broadcasting stations. In his report to the NRA, as Industrial Advisor, James W. Baldwin said that he could not recommend that the industry make additional "fixed and permanent commitments" unless stations were accorded the full three-year licenses allowed under the law.

Licenses are now limited by Commission regulation to six months, making stations vulnerable to attack for their facilities and hampering stabilization of the industry.

"As a definite part of the national program of recovery and increased stability and confidence", Mr. Baldwin asserted, "the broadcasters are clearly entitled to the full term of license provided by Congress."

Mr. Baldwin pointed out that responsibility for a decision on the extension of licenses rests with the Radio Commission. It is understood now that the President has signed the Code, that the Commission expects to take this matter up at an early date. The general belief, however, is that they may favor extending the license to only one year instead of three years, preferring first to consider the question of equalization.

The Code goes into effect December 4, the second Monday after the President signed it. Members of the Code Authority will meet in Washington on that day for the purpose of organization. They are: James W. Baldwin, formerly of the National Association of Broadcasters; Edward Nockles, of the Chicago Federation of Labor; Isaac G. Buckwolder, of WGAL, Lancaster; James Kiernan, of WLWL, New York; M. R. Runyan, of the Columbia Broadcasting Co., N. Y.; John Elmer, WCBM, Baltimore; Alfred J. McCosker, N. Y., President of the National Association of Broadcasters; Frank M. Russell, of the NBC, Washington, and John Shepard III, WNAC, Boston, special advisor to the N.R.A.

Those assembled will have to provide ways and means of financing the cost of the Code's administration. So that members and non-members of the National Association of Broadcasters may share the burden alike, one proposal is to make an assessment against every one not a member of the NAB requiring them to pay the same dues, two-tenths of one percent of their net sales.

General Johnson has not named the three Government representatives but it is expected they will be Harry M. Shaw, of Station WMT, Waterloo, Ia., William Farnsworth, Assistant to Deputy Administrator Sol Rosenblatt, and Chairman E. O. Sykes, of the Federal Radio Commission.

In the Code which the President has signed a 48-hour week for technical men is provided for with the condition that during the next 90 days the temporary Code Authority designated by the administration to invoke the Code's provisions make an investigation to ascertain whether it works any undue hardships. Wage and labor provisions for radio artists and performers are left out of the Code with a provision for a full study of their status.

Provision is made for modification of any provisions of the Code if proper showings are made that they prove objectionable or unjust in actual performance. Likewise, a new provision allows for appeals to the administrator from decisions of the Code Authority.

Trade practice provisions of the Code remain strongly worded and outlaw practically all of the practices in the broadcasting business which have been assailed as unethical or unfair. These ban rate-cutting, lotteries, per inquiry business, song-plugging and like practices, with provisions made for rigid supervision by the Code Authority.

Compliance with the Code, plus voluntary plans for increased network employment, Mr. Baldwin said in his report, will increase by approximately 765 the number of persons regularly employed in the industry. The NAB has estimated that the industry, as of last July, employed approximately 11,000 persons and had an annual payroll of nearly \$21,000.

"This", Mr. Baldwin stated, "would exceed by about 350 persons, or more than 3 per cent, the total for any previous period. It is estimated that total payrolls under the Code will be more than double those of 1929, the peak year in most industries and will equal 93.2 per cent of the payrolls in 1931, a peak year for the radio broadcasting industry, notwithstanding the salary cuts in the high brackets."

Mr. Baldwin asserted he felt the operations of the Code will be beneficial to labor. "My best information", he added, "is that there will not be an increase in rates charged for facilities, so that the consumer should not be adversely affected."

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WISN BROADCASTS TO REPORTERS

Utilizing its own station, WISN, the Wisconsin News in Milwaukee, broadcasts instructions to automobiles used by its reporters. Reporters on foot carry with them portable radio sets which may be attached to an ordinary electric light. They plug in at certain intervals for office assignments.

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:: BUSINESS LETTER NOTES ::
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Washingtonians sang praises of Mr. and Mrs. Isaac D. Levy and Dr. and Mrs. Leon Levy, as hosts at the Army and Navy football game in Philadelphia last Saturday. Their guests from the Capital included Herbert L. Pettey, Secretary of the Federal Radio Commission, and Mrs. Pettey; Mrs. Andrew Ring, wife of the Broadcast Engineer of the Radio Commission; Phil Loucks, Managing Director of the National Association of Broadcasters; John W. Guider, Code Counsel for the National Association of Broadcasters, and Mrs. Guider; Martin Codel, of the Broadcasting Magazine, and Mrs. Codel; Sol Taishoff, of Broadcasting Magazine, and Mrs. Taishoff; Frank M. Russell, of the National Broadcasting Company; and Mrs. Russell; Harry C. Butcher, of Columbia, and Mrs. Butcher, and Mrs. George Allen, wife of the new District Commissioner in Washington.

Following the game the Levys also had as their guests, among others, Sigmund Romberg, the famous composer, Boss Kelly, the new political dictator of Philadelphia, Mrs. Alfred J. McCosker, wife of the President of the National Association of Broadcasters, and Miss Angela McCosker, Boake Carter, and Grantland Rice.

Bids will be advertised by the Coast Guard this week for the construction of a \$10,000 radio station at Jacksonville, Fla., where a division headquarters is to be established.

Roy Cordeman, of Washington, made one of the principal addresses at a convention of amateur radio enthusiasts held last week in Norfolk, Va. Delegates from Virginia, North Carolina, Maryland and the District of Columbia attended.

WOR has so many applications for auditions that a large number can not be accommodated. Recently the station hit upon the scheme of giving them public auditions, that is, sandwiching them in between stars of the station at benefits and personal appearances.

Radio programs for Station WSOC reappeared in the Charlotte News this week as paid advertising, after both the News and the Observer eliminated radio programs and all mention of radio under a common agreement recently.

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The programs are in the regular display and are paid for by the McClaren Rubber Co., tire manufacturer, one of the sponsors of the station.

No move has been made looking toward reinstatement of WBT programs on a similar basis.

It is understood that WSOC has a sponsor who will use display space in the Charlotte Observer for listing programs also.

The publication of radio programs of the municipally owned station WJAX, at Jacksonville, Fla., have been discontinued by the Florida Times-Union and the Jacksonville Journal. They had for some years carried the programs as paid advertising.

J. M. Elliott, Business Manager of the Times-Union said that the discontinuance had been caused by the failure of the Jacksonville City Council to appropriate money for the space. Mr. Elliott added that not only the local programs but also the NBC and Columbia summary supplied by the Associated Press have been discontinued.

Marshall T. Jones, Chief of the Electrical Equipment Division of the Bureau of Foreign and Domestic Commerce in Washington has just issued Supplement No. 7 of the Radio Markets of the World, including supplementary reports, on the Rumanian, North Manchurian, and Burmese Markets and the radio regulations in the French concession at Shanghai.

In an effort to provide luxurious facilities on de luxe trains, the Egyptian Government is contemplating the installation of radio receiving apparatus and telegraph offices in the cars.

Members of the Michigan League of Home Dailies, meeting in Grand Rapids, went on record as opposed to giving free publicity by newspapers for radio broadcasts, including publication of radio programs.

An average of 2 minutes and 42 seconds was taken by police cars to answer calls in Los Angeles last year.

Grand opera broadcasts, beginning with the Metropolitan's pre-season performance of "Hansel und Gretel" on Christmas afternoon and continuing to Easter Sunday, April 1 will be made.

M. H. Aylesworth said a new and high degree of accuracy in tone quality and diction had been made possible by O. B. Hanson, manager of technical operations and engineering.

Ten microphones, including several of the ultra-sensitive "ribbon" type, will be placed in the wings, footlights and proscenium of the opera house.

Seattle newspapers last week announced that they no longer would list radio programs free of charge.

A new use for cellophane is reported from Hollywood by Variety.

"KNX is having a large bell constructed of this material to throw over its sopranos during choral numbers.

"Experiments have shown that the cellophane keeps down those shrill notes which have been a problem with stations by cutting through the massed singing."

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BROADCAST ADVERTISING SHOWS OCTOBER GAINS

Broadcast advertising on the National and Columbia networks took a big jump in October, going \$209,000, or 6.2 per cent, ahead of October, 1932. This was the first month since June, 1932, in which the networks' sales of time had gone ahead of those for the corresponding month of the preceding year, according to the reports of National Advertising Records. The October total for the two companies was \$3,244,153, against \$3,035,631 in October, 1932. October was the highest month of 1933, only March having previously gone above the \$3,000,000 mark.

From September to October this year the total increased \$1,140,000, while last year the gain was only \$540,000, in round numbers.

The average seasonal gain for the four years 1929-32 was only \$489,000 for this period. Thus the big October gain this year put the 1933 figures ahead of the four-year averages for the first time since March, 1933. Whereas September had turned in only 93.9 per cent of the four-year average, and July had set a low record of 84.8 per cent, October reached 118.9 per cent of the average.

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CBS NEW AND RECENT ACCOUNTS

Renewal - Continental Baking Corp., New York - (Baking and cakes); Started Nov. 6, Mon. Wed. Fri., 8 to 8:15 P.M. EST; Program - Vivian Ruth, contralto, quartet and two-piano team; Agency - Batten, Barton, Durstine & Osborn, Inc., New York; Network - 28 stations to Middle West.

Additional Program - Kolynos Sales Co., Inc., Chicago, Ill. (tooth paste), Started Oct. 16, 1933, Mon. Tues. Wed. Thurs. Fri., 2 to 2:15 P.M. EST; Network - 18 stations in Middle West and West Coast, from Chicago; Program - Script act, "Just Plain Bill"; Agency - Blackett-Sample-Hummert, Inc., New York.

New - Liggett & Myers Tobacco Co., New York (Chesterfield cigarettes); Starts not later than Nov. 27, exact date to be announced later, Mon. through Sat., 9 to 9:15 P.M. EST; Network - 65 stations to West Coast; Program - Philadelphia Orchestra with Leopold Stokowski conducting; Agency - Lennen & Mitchell, New York.

New - Worcester Salt Co., New York (Salt and salt toothpaste), Starts December 8, 1933, Friday, 6:45 to 7 P.M. EST; Network - 14 stations in East; Program - musical; Listing - Zoel Parenteau's orchestra with Carl Van Amburgh, soloist; Agency - Fuller & Smith & Ross, Inc., New York

New - General Foods Corp., New York (Grape Nuts), started Nov. 18/ Saturdays 10 to 10:30 P.M. EST; Network - 59 stations, coast to coast; Program - News of Byrd Antarctic Expedition from SS "Jacob Ruppert" in Little America; Agency - Young & Rubicam, Inc., N.Y. City.

New - Household Finance Corp. of America, Chicago, Ill., started November 1, Mon. Wed., 6:45 to 7 P.M. EST, from Philadelphia; WABC only; Program - Mon. - Ted Ernwood with Anthony Candeloris Salon Orchestra, Wed. - Enzo Aito with Anthony Candeloris Salon Orchestra; Agency - Charles Daniel Frey Co., Chicago, Ill.

New - National Old Age Pension Association, started Oct. 29 but for 3 times only; 14 stations in East and Middle West; Talks.

New - Pet Milk Sales Corp., St. Louis, Mo., Started Nov. 7, Tues. Thurs., 11 to 11:15 A.M. EST, from St. Louis; Network - 35 stations in East, Middle West and South; Program - Cooking School, Mary Lee Taylor; Agency - Gardner Advertising Co., St. Louis, Mo.

New - Pontiac Division of General Motors; Starts December 16, Wed. Sat., 9:15 to 9:30 P.M. EST, Network - 62 stations coast to coast; Program - Stoopnagle and Budd, orchestra (not announced) and vocalist (Not announced); Agency - Campbell Ewald Co., Detroit, Mich.

Additional Broadcasts on West Coast Program - Hecker-H-O-Co., Inc., Buffalo, N. Y., Started Nov. 27, Monday to Friday, 5:15 to 5:30 P.M. PST (Heard before Mon. Wed. Fri.); Network - Don Lee Unit; Program - Children's program (Bobby Benson and Sunny Jim); Agency - Erwin, Wasey & Co., Inc., New York.

New - Smith Brothers, Inc., Poughkeepsie, N. Y., Starts Jan. 7, 1934, Sunday 6:45 to 7 P.M. EST; Network - 34 stations coast to coast; Program - Not announced; Agency - Hommann, Tarcher & Sheldon, Inc., New York;

New - Sparks-Withington Co., Jackson, Mich., Started Nov. 25, Saturday, 8:30 to 9 P.M. EST; Network - 20 stations in East, Middle West; Program - Seymour Simons Orchestra and Dorothy Page, ballad singer; Agency - Brooke, Smith & French, Inc., Detroit, Mich.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted (Nov. 28, 1933)

WBAL, Consolidated Gas & Electric Light & Power Co., Baltimore, Md., extension to Feb. 1, 1934, of special experimental authority to operate synchronously with WJZ on 760 kc. with $2\frac{1}{2}$ KW when WTIC is operating on 1060 kc.; WEBC, Head of the Lakes Broadcasting Co., Superior, Wis., extension of authority to use auxiliary transmitter to Dec. 15 while erecting a new radiator; KFJB, Marshall Electric Co., Inc., Marshalltown, Ia., special temporary authority to operate from 9 P.M. to 12 midnight, CST, on Dec. 1, 8, 10, 13, 15, 18, 21, 22 and 29, 1933; WGES, Oak Leaves Broadcasting Station, Inc., Chicago, Ill., special temporary authority to operate from 8 P.M. to 12 midnight, CST on Friday Dec. 1, 1933; WIND, Johnson-Kennedy Radio Corp., Gary, Ind., license covering local move of transmitter, 560 kc., 1 KW, unlimited time; WACO, Central Texas Broadcasting Co., Waco, Tex., authority to operate from 2 to 5 P.M. on Dec. 2, 1933, to broadcast football game; WCAE, WCAE, Inc. Pittsburgh, Pa., authority to operate auxiliary transmitter to present location from Dec. 15 to Jan. 15, while moving main transmitter; KFYR, Meyer Broadcasting Co., Bismarck, N. Dak., special temporary authority to operate from 12:30 to 2 P.M. CST on Thursday, Nov. 30, provided KFDY remains silent; WFAS, Westchester Broadcasting Corp., White Plains, N. Y., granted special temporary authority to operate from 11 A.M. to 1 P.M. EST, Nov. 30, 1933.

WLC, Central Radio Telg. Co., Rogers City, Mich., WMX, Wabash Radio Corp., Manistique, Mich., and WDM, Same, Menominee, Mich., renewal of point-to-point telg. station licenses, in exact conformity with existing licenses; WAFO and WAFP, Press Wireless, Hicksville, N.Y., renewal of point to point telg. station licenses for fixed public press service, in exact conformity with existing licenses; WMU, WMV, Southern Radio Corp., Linden, N. J., renewal of licenses on a temporary basis, subject to such action as the Commission may take on licensee's pending application for renewal.

Also, City of Wichita, Kans., Dept. of Police, C.P. for general experimental purposes, 30100, 33100, 37100, 40100 kc., 25 watts., and the same Mobile, except 4.5 watts; City of Pontiac, Mich., Dept. of Police, C.P. for gneral experimental purposes, frequencies 30100, 33100, 37100 and 40100 kc., 100 watts; Mich. Dept. of Public Safety, Mobile, 4 C.P.s for general experimental purposes, 30100, 37100 and 40100 kc., 5 watts; W6XBE, Julius Drunton & Sons Co., Mobile, C.P. and license for general experimental service 27600 and 40600 kc., 15 watts; W2XV, Delbert E. Replogle, Mobile, Mounted in Automobile, license for general experimental service, frequencies 30100, 31100, 31600, 33100, 34600, 35600, 37100, 37600, 38600, 40100, 40600 and 41000 kc., 25 watts; W8XAC, City of Lincoln Park, Mich., Police Dept., license for general experimental service, 34600, 41000 and 51400 kc., 25 watts; W6XAQ, City of Phoenix, Ariz., Police Dept., general experimental license 51400, 60000-400000 kc., 5 watts.

Also, WKI, Mackay Radio & Telg. Co., Inc., Sayville, N.Y., modification of license to add transmitter FTC Type #112-B, 20 KW, and delete transmitter FTC CM-2075, 5 KW; KIFS, KEJI Broadcasters, Portable, temporary broadcast pickup license, 1518 kc., 50 watts; Julius Brunton & Sons Co., Portable & Mobile, San Francisco; W6XAR and W6XAS, modification of general experimental license to change frequency 75000 to 37600 and 41000 kc. and power from 3 to 10 watts; for W6XAS, modification of license to change frequencies from 70000-74000 kc. to 38600, 40600 kc.; Atlantic Broadcasting Corp., Wayne, N. J., general experimental license, frequencies 6425, 8655, 12862.5 and 17310 kc., 5 KW; Clyde W. Donner, Berlin, Pa., authority to take Class C amateur operator examination waiving Rule 404 because of physical disability.

Miscellaneous

WDBJ, Times World Corp., Roanoke, Va., suspended grant made Oct. 27, 1933, increasing night power from 250 to 500 watts, and set for hearing application for modification of license because of protest of Havens & Martin, Inc., (WMBG), Richmond, Va., filed Nov. 9, 1933.

Ratifications

Radiomarine Corporation of America: Action taken Nov. 22 - WFAO, Washington, D. C., granted 60 day authority to operate aboard vessel "VOLUNTEER", pending receipt of formal application 375 to 500 kc., 50 watts; Action taken Nov. 23: W6XI, Bolinas, Cal., granted special temporary authority to operate special experimental station at Bolinas, Cal. on its assigned frequencies, for experimental communication with Station KJTY aboard the "SS Jacob Ruppert"; KEC, KEE, KEI, Bolinas, Cal., granted 90 day authority to operate station KEC on 5105, KEE on 7715 and KEI on 10620 at Bolinas, and any other stations of the company at this location licensed for fixed public service, for communication with ship station KJTY only for contact control service in connection with the reception of program material from Byrd Expedition; Action taken Nov. 25: KEJ, RCA Communications, Inc., Bolinas, Cal., granted special temporary authority to operate fixed public service station on 9010 kc., and alternately any other station of company licensed for fixed public service at Bolinas in connection with program material from Byrd Expedition.

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