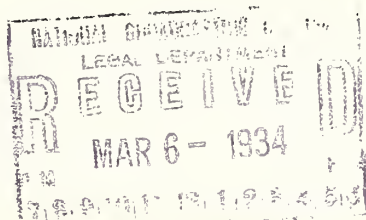


HEINL RADIO BUSINESS LETTER

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No. 703

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BROADCASTERS TO WAR ON DILL COMMUNICATIONS BILL

Broadcasters' tommy-hawks are already flying through the air at the Senate Communications Commission bill introduced by Senator C. C. Dill, of Washington. Indications are that on the other hand they will endorse and stand squarely behind the House Communications Commission bill sponsored by Representative Sam Rayburn, of Pennsylvania, which, of the two bills, in the opinion of the broadcasters, comes nearer to carrying out President Roosevelt's wishes. Already the broadcasters are predicting that the House bill stands the best chance of passing at this session because the time is short and controversial questions, which necessarily cause lengthy debate, will have to be eliminated.

Senator Dill made exactly this point when he introduced his measure, saying that many subjects over which there had been controversy were omitted so as not to jeopardize the bill at the short session. Nevertheless, according to broadcasters, he has "dumped everything into the new bill excepting the cook-stove." This includes, the broadcasters contend, every pet radio measure Senator Dill has endeavored to have enacted during the past seven years.

"The Rayburn bill exactly carries out what the President asked for in his message", a broadcaster declared. "The President recommended that the present authority of the Radio Commission - and that of the Interstate Commerce affecting radio, wires and cables - be transferred to the new Communications Commission. President Roosevelt didn't suggest any change of the statutory law. This he made perfectly clear. Nevertheless, the Dill bill repeals the Radio Act and interjects a lot of new matter. The Rayburn bill leaves the Radio Act as it is.

"For instance, the Dill bill destroys the right of appeal. Of course a station could get an injunction to restrict the Commission but absolutely no appeal is provided in the case of a station applying for a construction permit being denied.

"The broadcasters, I believe, will oppose the breaking down of the clear channels, not because of the 2200 mile separation, but on the ground that it is a bad precedent for Congress to attempt to legislate in a matter which is an engineering and technical detail.

"Also broadcasters will oppose the Dill bill limiting broadcasting licenses to one year. There is a three year limit in the present bill. Licenses are now issued for six months and an effort has been made to get this time extended to a longer period."

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A broadcaster commenting upon the Dill clear channel provision said:

"Congress would be advising the Radio Commission how to run its business. What business is it of Congress to tell the radio engineers what to do. That is a purely technical function and Congress would be making a mistake to interfere in technical matters such as these. I believe if they permitted stations within 2200 miles of each other on a clear channel they would soon make it 2000 miles followed by distances less and less which would sooner or later result in a complete breakdown of the clear channel system."

"The sum and substance of it is that Senator Dill has included in his bill practically the same matter contained in the bill in the last Congress which, though it passed the Senate and the House, was vetoed by President Hoover", another man in the broadcasting industry commented. "It is of a highly controversial nature."

"The Rayburn bill, to the contrary, re-enacts the Radio Act and I believe will have the broadcasting industry solidly back of it. If that is true, I think the industry will find itself in a strong position because it will be supporting the bill which plainly carries out the wishes of President Roosevelt as expressed in his message to Congress."

The Dill bill carries a provision that no license shall be granted to "Any operating, controlling, holding or other corporation of which any officer or more than one-fifth of the directors are aliens, or of which more than one-fifth of the capital stock may be owned or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country."

The present law reads "of which any officer or director is an alien", etc.

Hearings on the Dill bill have been set for Friday, March 9th. Judge E. O. Sykes, Chairman, and others from the Radio Commission have been invited to be present; also Patrick J. Farrell, Chairman of the Interstate Commerce Commission and Henry A. Bellows, Chairman of the Legislative Committee of the National Association of Broadcasters.

Representative Rayburn said that the House hearings on the Communications Bill would be held as soon as the Stock Exchange considerations had been completed. He did not know how long this would be.

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HOUSE TAKES PLENTY OF TIME WITH MEXICAN AMENDMENT

Somewhat like closing the door after the horse has been stolen, the House Merchant Marine and Radio Committee has continued for several days longer the period of receiving objections as to why remote control studios in the United States feeding the Mexican border broadcasting stations should not be prohibited. The House Committee is now waiting to hear further from the citizens of Del Rio, Texas, where the hospital and studios of Dr. J. R. Brinkley, the principal offender, are located.

In the meantime, however, the Mexican Government has closed down Brinkley's station at Villa Acuna, so for the time being it doesn't make much difference whether or not there is a law to close his remote control studio in Texas.

The Senate previously passed the amendment but it may be a week or more before the House gets that far along. One of the charges made by the Mexican Government, it is understood, is violating their law of broadcasting in English without first broadcasting in Spanish.

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BROADCASTERS TAKE EXCEPTION TO FOOD AND DRUG BILL CLAUSE

While regarding the revised Food and Drug bill as an improvement, a brief was filed in Congress by Henry A. Bellows, Chairman of the Legislative Committee of the National Association of Broadcasters containing certain objections. One of these referred to a section in the bill which reads:

"No retail dealer shall be prosecuted under this section for dissemination other than by radio broadcast, of any advertised offering for sale at his place of business any product which is not distributed or sold in interstate commerce."

"Apparently the purpose of this section is to discriminate among advertising mediums and to say to the retail dealer that he may safely use the United States mails or any other medium with the single exception of radio broadcasting.

"Why should the retail dealer be warned by an Act of Congress against the use of radio broadcasting whereas the United States mails are left open to him. This uncalled for attempt to discriminate against radio broadcasting marks a new departure in the field of Federal legislation.

"Congress might with equal logic declare an advertiser liable for false advertising in a periodical but guiltless if he inserts the same copy in a newspaper. The principle underlying such discrimination, which is in effect a deliberate effort to

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dictate to advertisers what medium they should use is so wholly foreign to established legislation that it is not surprising that this section was not introduced in time to be subject to scrutiny at the hearings on the earlier draft of this bill."

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RADIO-OPERATED TELETYPEWRITERS TO BE INSTALLED BY U.S.

Tests of radio-operated teletypewriters for transmission of aeronautical weather data along the Federal airways will begin next month between Washington and Baltimore, Rex Martin, Assistant Director of Aeronautics in charge of air navigation, Department of Commerce, announces.

A committee appointed by Mr. Martin in January to study the practicability of utilizing radio for the operation of the nation-wide network of Department of Commerce aeronautical teletypewriter circuits, decided to install two parallel radio circuits between Washington and Baltimore - one circuit to operate on 2,960 kilocycles and the other on 60 megacycles. Two transmitters, one for each circuit, will be located at the Washington airway radio station, and the two receivers will be installed at Logan Field, Baltimore.

These installations will be used to aid in developing equipment and to obtain test data prior to the establishment of longer experimental circuits between Washington and Newark, N. J.

If the committee finds that the teletypewriter machines on the Federal Airways System can be operated by radio, this will result in a substantial saving to the Government through the elimination of the leased land wires, of which there are now some 12,000 miles. These teletypewriter circuits are used for the dissemination of hourly weather reports along the airways and for the transmission of weather maps every four hours.

The committee undertaking the studies is composed of: Mr. Martin, Chairman; Paul Goldsboro, President, Aeronautical Radio, Inc., Washington; W. H. G. Finch, Secretary and Chief Engineer, American Radio News, New York; Eugene Sibley, Chief, Communications Section, and W. E. Jackson, Chief, Development Section, Aeronautics Branch, Department of Commerce.

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NEW RADIO COMMISSIONER UNANIMOUSLY CONFIRMED

The nomination of Anning S. Prall, of Staten Island, N.Y., to be a member of the Federal Radio Commission was favorably reported by the Senate Interstate Commerce Committee and later unanimously confirmed by the Senate.

Representative Prall said he had not decided how soon he would assume his new duties or whether or not he would serve out his present term in Congress. The Constitution prevents any member of Congress from serving during the time for which he was elected in any governmental body which he helped to create. Since the Communications bill was introduced while he was a member of Congress, this would seem to preclude Mr. Prall from serving on the new Commission until his present Congressional term expires which is next January. That is, unless there is a technicality which would permit Representative Prall to serve inasmuch as he had not been a member of Congress when the Communications bill will have been voted upon, which may be a month or so hence. If Mr. Prall waits any length of time to assume his position as a member of the Radio Commission, there may be no Commission for him to serve on unless it is the Communications Commission. If a place is made for Mr. Prall on the Communications Commission, it would seem that it might have to be held vacant for almost a year before he would be able to take it.

The old rumor has bobbed up that Senator Dill, who is facing re-election, himself might be a member of the new Commission, but the Senator has denied this. Likewise, Gen. Charles McK. Saltzman, former Chairman of the Radio Commission, and recently resigned from the Shipping Board, has again been mentioned. A new name is that of former Gov. Phillip LaFollette, of Wisconsin, a Republican, who supported Roosevelt.

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COMPLAINS THAT BRITISH SIDE IS HARD TO UPHOLD

Praising the handbook the National Association of Broadcasters issued for the benefit of High School debaters in presenting the American side of the case, Bruno E. Jacobs, Secretary of the National Forensic League (High School Debating Society), of Ripon, Wis., writes to Phil Loucks, Managing Director:

"The handbook contains the very finest material for the presentation of the negative side of the debate of the merits of the British broadcasting system versus those of the American. Perhaps you will be interested in the fact that the only complaint I have from my schools is that the affirmative side is too hard to advance."

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NEWS CENSOR ROOSEVELT IDEA, SENATOR ASSERTS

That the proposed Communications Commission might prove a censorship lever was predicted by Senator Schall, (R) of Minnesota, who said:

"The newspapers of the United States are about to have themselves censored. After battling for months to force the Roosevelt administration to guarantee 'freedom of the press' in the Publishers' Code, they now find themselves confronted with the very same censorship by the demand of the President for a Federal Communications Commission. Under such a commission every press dispatch and every cable message can be censored by the administration. What have the newspapers gained by their code fight if they permit their news dispatches to be censored?

"With such a system as suggested by the President, not one word of the skullduggery committed in Washington could reach the people of the United States. Not a publisher up to date has sensed the danger in the demand sent to Congress. What the newspapers and the people of the United States need most at the present moment is a legislative bureau in Washington to follow all legislation introduced and see to it that the dictatorship now in the making is thwarted."

Schall's action received praise as a "real public service" from the publisher of the Chicago Daily News, Col. Frank Knox.

Colonel Knox said in an Associated Press dispatch "that the desire exists to exercise such a censorship can no longer be doubted."

The Chicago publisher declared it was only through insistence of newspapers that a "complete freedom of the press" was maintained when the newspaper code was formulated.

The danger of censorship, Knox said, could be averted only through militant newspaper opposition to "these latest plans of the power-hungry bureaucrats in Washington."

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EXAMINER'S ACTION MAY EXPEDITE BROOKLYN EAGLE STATION

If the Examiner's recommendation is sustained by the Federal Radio Commission that four Brooklyn stations, WARD, U. S. Broadcasting Corp., WBBC, Brooklyn Broadcasting Co., WLTH, Voice of Brooklyn, and WVFW, Paramount Broadcasting Co., be denied renewal of licenses, the way will be cleared for the Brooklyn Eagle to apply for these frequencies. If successful, the Eagle will combine them into one full-time station.

When the Brooklyn Eagle decided to erect its own station, it is understood to have made an offer to the owners of the four stations but they could not get together. Whereupon the Eagle applied for the frequencies but this application has been held up pending the outcome of the Examiner's hearing upon the renewal of application by the stations.

Under the rules of the Commission, the stations now have 15 days in which to file exception to Examiner Ralph L. Walker's report which recommends their being closed. The Brooklyn stations will more than likely ask for a hearing of oral arguments before the full Commission. It is doubtful if the case could be disposed of for at least a month.

The four Brooklyn stations divide time on a frequency of 1400 kilocycles and operate upon 500 watts each. The following conclusions were reached by Examiner Walker:

"Giving due consideration to the fact that each of the applicants has suffered an economic disadvantage because of the four way division of time, it appears that in the operation of each station the applicant has placed the interests of the licensee as the paramount consideration, and that the interests of the public, fixed by law as paramount, have been, at the most, secondary

"In the case of Station WBBC, an excessive amount of time has been devoted to commercial foreign language programs, and time has been sold to advertisers for whatever could be obtained. There is no showing of financial ability of the Brooklyn Broadcasting Corporation to continue to operate the station in the public interest. A large number of dishonored checks issued by the licensee indicates lax business management if not financial irresponsibility.

"In the operation of Station WLTH, an excessive amount of time has been devoted to commercial foreign language programs and advertisements. In addition, the management of the station has not retained control over all its hours of operation, but has sold time to individuals for resale by them.

"Station WVFV does not serve as large an area as would be reasonably expected from a station using the assignment licensed to it. Control of the station's operations has been transferred by the licensee without the consent of the Commission. There is no showing of the financial ability of the licensee to operate the station in the public interest, and the large number of dishonored checks issued by it indicates poor management, if not insolvency. Non-payment of bills has on at least one occasion been the direct cause of suspension of the station's programs at a time when it was authorized and expected to operate.

"With reference to Station WARD, an excessive amount of time is devoted to commercial foreign language programs and the station has parted with control over certain programs by selling time to individuals who in turn resell to advertisers. This station maintains no schedule of rates, affording its facilities to advertisers for such sums as they are willing to pay. It is not affirmatively shown that the applicant is in financial condition to operate the station in the public interest."

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ARMY AIR CORPS BUYS 100 SETS

The Air Corps has purchased a hundred high frequency radio receiving sets adapted for use on the communications system of the Department of Commerce weather service between Newark and Cleveland and on other airway routes. Commercial radio engineers stated that it would take about ten days to complete all installation.

The regular Army radio equipment is built for communications over distances not greater than thirty miles with ground troops for battle manoeuvres and to control pursuit flight formations at the distance. The new sets will enable army pilots to listen in with greater facility on the Department of Commerce weather broadcast with its frequencies of 236 kilocycles on the airway and 278 at radio marker beacons.

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MAY CONFER TO STRAIGHTEN OUT EUROPEAN RADIO MUDDLE

It is reported that the European nations may gather in London next June to straighten out the clashing of frequencies which those countries are at present experiencing.

As yet no invitation has been extended to the United States to be present and nothing has as yet been heard about it by the State Department.

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WLBW FIGHTS ENTRY OF NEW ERIE STATION

Station WLBW, of Erie, Pa., operated by the Broadcasters of Pennsylvania, Inc., have filed an appeal in the Court of Appeals of the District of Columbia against the decision of the Federal Radio Commission for granting the application of Leo J. Omelian, to erect a new 100 watt station in Erie operating on a frequency of 1420 kilocycles frequency.

In granting the application of Omelian, the Commission pointed out that Erie is the fourth largest city in Pennsylvania and that both the State and the Zone were under quota. Commissioners Lafount and Hanley dissented in the opinion.

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RADIO NEWS PLAN GOES INTO EFFECT

Two major radio networks and independent stations scattered from coast to coast began Thursday (March 1) to confine all spot news broadcasts to two daily reports edited and supplied by the Press Radio Bureau of the Publishers' National Radio Committee, headquarters of which is at 551 Fifth Avenue, New York.

Radio commentators on subscribing stations, who heretofore have utilized spot news, have agreed to confine their remarks to local news and generalized comment or to references during evening broadcasts to news that has appeared in the morning newspapers.

The plan calls for a five-minute report to be put on the air not earlier than 9:30 A.M., local time, and a similar report not earlier than 9 P.M., local time. Each report will consist of approximately 600 words and will be subdivided into twenty or more separate bulletins. The plan was worked out by representatives of newspapers, broadcasting stations and the United Press, Associated press and International News Service.

Every broadcasting station of the country is eligible to participate in the service if it desires to cooperate with the plan of the bureau and pays a proportionate share of the expenses. The plan does not limit the use of local news by local radio stations.

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GRIGSBY-GRUNOW CREDITORS RECOMMEND SALE OF COMPANY PROPERTY

The Creditors' Committee of Grigsby-Grunow Company, of Chicago, has sent the following letter to the creditors of the company, by N. B. Parsons of the Belden Manufacturing Co., Chairman:

"On Nov. 24th, Thomas L. Marshall and LeRoi Williams were appointed Receivers in Equity for the Grigsby-Grunow Co., and since then they have endeavored to operate the business as a going concern in the hope that a reorganization or some form of a satisfactory disposition of the assets could be found.

"Your Committee shared the opinion of the Equity Receivers and the Bondholders' Committee that a plan of reorganization might be effected in the equity proceedings, but as no reorganization plan was submitted after numerous conferences with various reorganization groups, there was no course open to the Equity Receivers but to ask for authority to sell the assets of the company.

"On February 16th the Equity Receivers filed a petition in the United States District Court in which they recommended that

the property, assets and effects of the company be offered for sale and that a hearing be set for the consideration of said petition.

"Following the filing of this petition, an involuntary petition in bankruptcy was filed and on February 20th before Judge Barnes a petition was presented for the appointment of a receiver in bankruptcy. Judge Barnes appointed Frank McKey as Receiver in Bankruptcy. Mr. McKey stated that for the present he would continue the operation of the business and carry out as far as possible the program recommended by Mr. Marshall, which is to operate on a restricted basis until such time as a sale may be made of the assets of the company.

"Notwithstanding further negotiations with the officers of the company or other persons interested in reorganization plans, your Committee has recommended that the Receiver in Bankruptcy immediately file a petition for an order authorizing the sale of all of the property and assets of the Company as a going concern on due notice to creditors and that an early date be set for the consideration of said sale and such publicity given as will create competitive bidding.

"Your Committee is exceedingly anxious to avoid a forced liquidation of this Company. It believes that the assets of the Company have a real and substantial value and unless a satisfactory bid is received for the same, your Committee should recommend that the Receiver give serious consideration to the possibility of proceeding with an orderly liquidation which might very naturally contemplate the operation of the plant for a limited period of time in order to realize the maximum amount for the assets."

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted (March 2, 1934)

Big Horn Broadcasting Co., Sheridan, Wyo., C.P. for a new station to operate on 1370 kc., 100 watts, unlimited time; WBAX, John H. Stenger, Jr., Wilkes-Barre, Pa., license covering changes in equipment, 1210 kc., 100 watts, specified hours; WAMC, Raymond C. Hammett, Anniston, Ala., modification of C.P. extending commencement date to March 1, 1934 and completion date to May 1, 1934; WHEF, Atala Milling & Produce Co., Kosciusko, Miss., modification of C.P. extending commencement date to Feb. 24, 1934, and completion date to June 24, 1934; WCAZ, Superior Broadcasting Service, Inc., Carthage, Ill., modification of license to increase power from 50 watts to 100 watts; WDAE, Tampa Publishing Co., Tampa, Fla., consent to voluntary assignment of license to Tampa Times Co.; WFDF, Flint Broadcasting Co., Flint, Mich., authority to operate without an approved frequency monitor until March 17 while making repairs; KUMA, Albert H. Schermann, Yuma, Ariz.,

special temporary authority to operate from 4:30 to 5 P.M. MST on March 25th; KFJB, Marshall Electric Co., Inc., ^Marshalltown, Ia., special temporary authority to operate specified hours March 8, 9, 10, 15, 16 and 17; KRE, First Congregational Church of Berkeley, Cal., special temporary authority to operate from 8:50 to 10 A.M. PST on April 1 in order to broadcast special Easter service.

Also, Buncombe County, Asheville, N. C., C.P. for police service, 2474 kc., 200 watts; City of Austin, Texas, Police Dept., C.P. for police service, 2382 kc., 25 watts; KGZD, City of San Diego, Cal., Police Dept., C.P. for auxiliary transmitter, 2430 kc., 50 watts; New York Telephone Co., New York City, C.P. for general experimental service, frequencies 31600, 35600, 38600, 41000 kc., 50 watts; City of Chattanooga, Tenn., Police Dept., general experimental C.P., frequencies 30100, 33100, 37100, 40100 kc., 15 watts; Press Wireless, Inc.: KJAD, KMB KJH, KOP, San Francisco, Cal., C.P. for additional transmitters, KOP, modification of license 10750 kc., 1.5 watts, and add Composite VT transmitter, Serial No. SF #3; KIIR, A. M. Chamberlin, Deering, Alaska, C.P. fixed public pt. to pt. telegraph service, 3265 kc., 2 watts; WSQD, Aeronautical Radio, Inc., Berea, Ohio, license, frequencies 2612, 2636, 3467.5, 4740, *6540, *6550, *6560, *8015 kc., 250 watts (*day only); WSDG, Same, Chicago, license, 2612, 2636, 3467.5, 4740, *6540, *6550, *6560, *8015 kc., 250 watts; WMET, Allegheny Co. Municipal Airport, Pittsburgh, Pa., license, frequency 278 kc., 15 watts.

Action On Examiner's Reports

New, Ark-La-Tex Radio Corp., Shreveport, La., denied as in case of default application for C.P. for new station to operate on 1210 kc., 100 watts, unlimited time, sustaining Examiner Geo. H. Hill; KWEA, Hello World Broadcasting Corp., Shreveport, La., granted consent to voluntary assignment of license to International Broadcasting Corp., sustaining Examiner Hill; KWEA, International Broadcasting Corp., Shreveport, La., granted renewal of license to operate on 1210 kc., 100 watts, unlimited time, sustaining Examiner Hill (The order in the above cases is effective March 9, 1934).

Miscellaneous

KGFX, Red River Broadcasting Co., Inc., Moorhead, Minn., suspended authority granted Jan. 30, 1934, for removal of station from Moorhead, Minn., to Duluth, Minn., and applications was designated for hearing because of protests of City of Moorhead and Station WEBC, Superior, Wis.; WSPA, Virgil V. Evans, Spartanburg, S. C., C.P. 920 kc., 2½ KW, daytime hours, heretofore designated for hearing, was denied because applicant failed to enter appearance within time allowed; KFIZ, The Reporter Printing Co., Fon du Lac, Wis., modification license 1310 kc., 100 w., special hours, heretofore designated for hearing, was denied because applicants failed to enter appearance within time allowed; WKZO, WKZO, Inc., Kalamazoo, Mich., special authority to operate from sunset at Kalamazoo to midnight, application heretofore set for hearing, was dismissed at applicant's request.

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