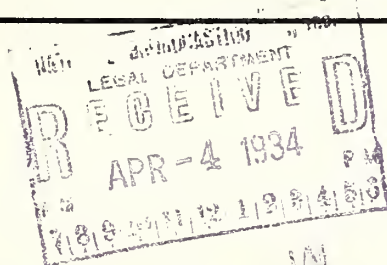


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL—Not for Publication



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No. 712

April 3, 1934.

DISCOUNTS YANKEE NETWORK NEWS SERVICE

Newspaper interest in the experiment of the Yankee network news service in broadcasting frequent news bulletins throughout the day is being rapidly dissipated by developments, the Editor and Publisher declares in the course of a critical survey of the situation at Boston. The radio news has not affected the circulation of any of the numerous afternoon and morning editions, and the normal increase under the impetus of big news stories has been maintained. News editors, however, are paying less attention to the broadcasts which for a time gave them concern in selecting their leaders.

The reason may be apparent from the facts of a recent Sunday night broadcast. The principal broadcast on that day comes at 11 o'clock at night and continues for 20 minutes. Analysis of the last broadcast reveals that of 30 items given over the air in 20 minutes, 19 had been given on previous broadcasts of that day without change of a word, and two of the 19 were in the Sunday morning newspapers. Thus the listener who turned on his radio for the early evening broadcasts and then for the 11 o'clock final heard repeated 19 items that he had previously heard, including two that he had read in his morning paper.

There is a current report that the Yankee network, which is operated by the Shepherd Broadcasting Co., is making \$800 a week from the advertising before and after each news broadcast. Thus far no attempt has been made to sandwich advertising in the news items. The statement was attributed to an executive in the service that the news broadcasts are costing \$1,200 a week and that the advertising revenue from them is about \$2,000 a week.

The broadcasts have not been without difficulty, however. Recently the service broadcast that Carl Dreyfus was to retire as publisher of the Boston American and would be replaced by former Mayor James M. Curley, of Boston. The American, referring directly to the broadcast, denied the report in a two-column front-page box, at top of column. The Yankee network broadcast an apology and the Hearst tabloid, the Boston Record, ran an inside news story of the apology, but paid tribute to the complete retraction.

In connection with the coming trial of the Millen brothers and Abraham Faber of Boston, on the charge of murder in connection with the holdup of a bank in Needham, Mass., counsel for Faber filed a motion for a postponement of the trial on the ground that it would be impossible for him to be given a fair jury trial at this time owing to the Yankee Network broadcasting the fact that alienists had found Faber sane. He claimed it would now be impossible to secure an unbiased jury.

It is understood that Judge Nelson P. Brown protested the broadcast by the Yankee network of a baseless report that Mrs. Millen, a minister's daughter, had been definitely linked with her husband, his brother and Faber in the actual participation of the robbery.

Efforts of Los Angeles publishers to write a peaceful finis to the controversy waging there over radio news broadcasting were repulsed this week when representatives of KFI and KNX, of Los Angeles, definitely turned down an opportunity to buy the service of the newly organized National Radio News Bureau. The two Los Angeles stations declared they would continue with the operation of their opposition radio news association.

KFI and KNX were offered the Radio News Bureau report, which is compiled from the files of the four principal wire services just as the press radio bureau report is compiled in the East at the same rate paid by others - \$12.50 a month.

Haverlin, who is commercial manager for KFI, gave two reasons for turning down the offer: First, that he desired the privilege of broadcasting news at any time without regard to the a.m. and p.m. limitations imposed by the publishers, and second, he desired to have commercial sponsors for his news periods.

Captioned "Radio Slickers", Editor & Publisher last week printed the following editorial:

"Everyone in the newspaper business, so far as we are aware, has wished to be patient and tolerant pending a readjustment under the 10-point radio-newspaper news agreement. But it is evident in some quarters that the new rule is not being taken seriously. There is a type of citizen who will gyp right up to the point of the gun.

"He will not believe, for instance, that the United States Supreme Court has ruled that news is property, and that to appropriate it constitutes a theft. He makes sailor law to suit his own convenience and stands in defiance, totally blind to the decencies involved and sure that when he pays a couple of pennies for a newspaper he has a right to resell its news. Some of the more crafty independent radio news thieves are attempting to build up legal defenses, all more or less transparent to experienced newsmen. If they can get a couple of words over the cables from London, concerning the Insull flight, for instance, it seems logical to them that they can spin a 200 word report, largely taken from newspapers printed here, and at the same time win the case when the newspaper publishers start injunction suits. There is a deep fallacy in such reasoning, as experienced newspapermen know.

"Chiseling radio broadcasters have, it seems to us, played out their game. Their "independent collection" of news from the whole round world deceives no one. The law in the case is clear. Stenographic records of their reports, made at a

number of points, would be damning evidence. In our view, the time for readjustment, on a basis of toleration, has expired. The thing to do is trap radio news thieves and proceed against them. Newspapers have recognized radio's news rights liberally and in good faith. We believe the chains, and most of the news commentators, are playing fair. The trouble lies, as was anticipated, among the smaller broadcast outfits whose managements think they have the world by the tail."

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GRIGSBY-GRUNOW PROPERTIES TO BE SOLD APRIL 16

"Pursuant to an order of the United States District Court, Frank M. McKey, of 1219 First National Bank Building, Chicago, Ill., Receiver in Bankruptcy offers for sale to the highest bidder, or bidders, all of the property, both real and personal, belonging to the Grigsby-Grunow Company, with the exception of cash in possession of the Receiver.

"Bids may be made to the Receiver at any time up to the date of sale, which is set before Referee Edmund D. Adcock, Room 1201, 100 West Monroe St., Chicago, Ill., for Monday, the 16th day of April, 1934, at 10:00 o'clock in the forenoon, at which time the property will be offered as an entirety, or in parts or lots, as set out on the following pages of this notice.

"All bids must be accompanied by a certified check, draft, currency, or other security as the Court may order, for 25 per cent of the amount bid."

The properties and assets to be sold include:

Real estate and buildings at 5801 Dickens Ave., Chicago; a 5/15th beneficial interest in a trust of the Continental Illinois National Bank and Trust Company of Chicago, as Trustee known as Trust Number 20949, which trust has title to the equity in a group of buildings at Kolmar and Armitage Avenues, Chicago, Ill.; the machinery and equipment located in the Dickens Ave. plant; the machinery and equipment located in the Armitage Ave. plant; Inventory of raw materials and parts suitable for the manufacture and servicing of refrigerator units, radios and radio tubes; Inventory of finished merchandise, consisting of refrigerators, refrigerator units, radios and radio tubes; Accounts receivable totaling approximately \$800,000.; Notes receivable totaling approximately \$370,000.;

Also, 100 shares capital stock of Michigan Majestic, Inc., being all of the capital stock of said corporation; 250 shares capital stock of California Majestic, Inc., being all of the capital stock of said corporation; 79,076.45 shares capital stock of Columbia Phonograph Co., Inc., of a total outstanding

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shares of capital stock of 82,523.89; 8,084 shares of Rogers Majestic Corporation, Ltd. (Toronto, Canada), consisting of 7.070 shares Class A and 1,014 shares Class B of a total outstanding shares of 125,549; 12,000 shares of Majestic Electric Company, Ltd. (England); 3,960 shares of Voss Hutton Company; 20 shares Majestic Household Utilities; Office furniture, fixtures and equipment; Good will of the bankrupt corporation, including the right, title and interest of the Receiver and Trustee in the name "Grigsby-Grunow Company" and especially in the trade-name "Majestic", including all foreign and domestic patents, applications for patents, trade-marks, trade-names, copyrights, design applications, list of customers, orders on hand, incoming orders, stationery and supplies; All other property of whatsoever kind, nature or description belonging to this estate, now in the possession of the Receiver or to which he or the Trustee, when elected, may be entitled, not hereinabove otherwise described.

Any further information that may be desired will be furnished upon application to the Receiver.

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RADIO COMMISSION ISSUES WARNING

In view of the increasing sales of combination broadcast and shortwave radio receiving sets to the public, the Federal Radio Commission calls attention to provisions in the Radio Act of 1927, regarding the secrecy of certain radio messages and the heavy penalties including imprisonment provided for violations.

Reports reaching the Commission indicate that the public is increasingly intercepting police and other shortwave communications. Only in rare instances, it is believed, is this information abused. However, it was brought to the attention of the Commission that a young man in Baltimore intercepted a police call on a shortwave receiver in his home and notified law violators that officers were coming to arrest them. The young man himself was taken into custody and found guilty in a police court for violating police regulations.

A Bill was introduced by Representative Ludlow, of Indiana, providing that "no person shall use, operate or possess, in any vehicle within the United States, or any place subject to the jurisdiction thereof, any shortwave radio receiving set without a permit."

Provision is made for permits to be issued by District Attorneys, to applicants who must furnish two affidavits executed by bona fide residents of their districts, vouching for the good moral character of the applicants.

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Police officials in some cities are in favor of such legislation as they claim their work in apprehending criminals and in protecting law-abiding citizens, in some instances, has been interfered with by persons who intercepted messages intended solely for the police.

However, the Commission is hopeful that no such legislation will be necessary as it is claimed it would have a tendency to hinder experimental work in the shortwave field.

George B. Porter, Acting General Counsel, says that if any serious abuse is made by the general public of private radio messages vigorous steps will be taken to invoke the law.

In order that the public may be fully informed concerning the protection thrown around private radio messages, the Commission suggests that each purchaser of a combination broadcast and shortwave receiver be furnished by the salesman with the excerpts of the Radio Act concerning the secrecy of radio messages and the penalty for violations.

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COMMUNICATIONS COMPANIES HAVE FAMILY FIGHT OVER CODE

There was quite a row among the communications companies when their representatives met in Washington to argue on a proposed code for the telegraph industry. Sitting on the side-lines but not actually participating in the discussion were such celebrities in the industry as David Sarnoff, President of the Radio Corporation of America, Sosthenes Behn, President of the International Telephone & Telegraph Company, Gen. Gibbs, President of Postal and A. Y. Tuel, Vice-President and General Manager of Postal.

The Postal Telegraph Co. supported a code. RCA Communications, Inc., said it would sign one if its competitors did. But the Western Union, most powerful operator in the field, could see no necessity for one. The Recovery Administration has initiated the negotiations in its first effort to impose a code where the industry affected did not take the initial steps itself.

R. B. White, President of the Western Union, declared:

"After a very careful study, we have reached the conclusion that there are no advantages which our company can properly seek under a code of dealing with competitive practices and there is no provision in the law for a voluntary application by an industry for any other sort of code." Mr. White said that the Western Union had never been the subject of complaint on the score of unfair trade practices and would not, therefore, apply for a code. He pointed out that "continued, active competition" was compulsory under the law.

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Col. Manton Davis, representing the Radio Corporation of America, said that he had not expected that the NRA would consider a code of regulation for an industry which was already under the Federal Radio Commission and the Interstate Commerce Commission and which was the subject of a study leading to comprehensive legislation for the entire communications industry.

However, he submitted a hastily prepared set of trade practices making it unfair to attempt to induce a foreign government to break an existing contract, to extend franks and favors to other companies in the hope of obtaining foreign contracts, to lease or sell equipment to ships at less than cost in an attempt to get their business, to vary rates because of wholesale business, and to split tolls with foreign companies in return for aid in obtaining contracts.

While he did not mention the Mackay interests by name, he stated that "a company which has made several charges this morning", was doing all these things.

Frank W. Wozencraft, Assistant General Attorney of the RCA said:

"The position of the Radio Corporation of America and its subsidiaries is now what it has been at all times since the NRA was organized by the Government. The manufacturing subsidiaries of Radio Corporation of America, the RCA Victor Company and the RCA Radiotron Company, employing approximately 15,000 men and women, have long ago signed the codes applicable to their respective industries, and are operating thereunder.

"R.C.A. Communications, Inc., and Radiomarine Corporation of America now operating under the President's Reemployment Agreement, will gladly cooperate in the preparation of, and sign any code covering wages, hours and conditions of labor in the telegraph communication industry which is agreed to by the Western Union Telegraph Co. and the Postal Telegraph Co. and other subsidiaries of the International Telephone & Telegraph Corp., and approved by the NRA."

Col. A. H. Griswold, Executive Vice-President of the Postal Telegraph Co. attacked the Bell Telephone system for leasing private telegraph wires "and in effect setting up a series of private telegraph companies, subject to none of the regulations and obligations imposed on the commercial telegraph companies.

He also condemned the exclusive contracts the Western Union Co. had with railroads, which "excluded the Postal Telegraph from large railway terminals for no other reason than that they are a competitor of the Western Union."

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A. T. & T. BUYING POSTAL SEEN AS PIPE DREAM

There was a speedy denial of the story in the Washington Evening Star, reprinted in this letter, that the American Telephone and Telegraph Company intended to buy the Postal Telegraph Company. It is learned on good authority that the statement is absolutely false.

Years ago the American Telephone and Telegraph Company owned the Western Union and was asked by the Government to give it up, because the Government felt that there should be competition between the telegraph and telephone systems. Until a change is made in that legal status, obviously A. T. & T. could not buy the Postal or any other telegraph company. It is said that the A. T. & T. has not asked for any change in the law.

"So", our informant concludes, "you can see that the Star story is about three degrees removed from possibility not to mention intention."

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BROADCAST ADVERTISING 36% AHEAD OF 1933

Network broadcasting in February was \$957,000, or 36.4 per cent, greater than in February, 1933, according to figures of National Advertising Records for sales of time by the National and the Columbia chains.

In percentage of increase over 1933, February made a slightly better showing than January, but as compared with the averages for the last preceding four years, February was a little lower than January. This is explained partly by the decline of February, 1933, and partly by the fact that the averages reflect the rapid advance of broadcasting figures in the comparatively short life of radio advertising.

Here are the records, with those for January. Talent costs are not included

	1934 <u>Dollars</u>	1933 <u>Dollars</u>
February	\$3,585,120	\$2,627,761
January	3,793,075	2,811,350

The fact that figures in the last column of this table show a gain of almost a third over the averages indicates that radio has resumed its rapid upward trend, although the January and February figures were still some \$200,000 to \$300,000 below those for the corresponding months of 1932, when broadcasting was approaching its all-time peak.

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Columbia Broadcasting System shows the bigger percentage of gain, although its total sales are less than those of National Broadcasting Company. Here are the figures for the two systems:

	<u>1934</u> <u>Dollars</u>	<u>1933</u> <u>Dollars</u>
NBC - February	\$2,197,297	\$1,742,784
NBC - January	2,387,127	1,869,885
CBS - February	1,387,823	884,977
CBS - January	1,405,948	941,465

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DILL TO INTRODUCE SUBSTITUTE COMMUNICATIONS COMMISSION BILL

A substitute bill will be introduced into the Senate clarifying the original bill to create a Communications Commission. There will be a number of changes such as reducing the number of Commissioners from seven to five, and the divisions of the Commission shall number only two, one devoted to broadcasting and the other to include other communications such as radio and wire telegraph and telephone and cable.

Senator Dill said that the Senate Communications Commission had been meeting every morning and sometimes in the afternoon in an effort to expedite the report. He seemed certain that a Communications Bill would pass both Houses and be in the hands of the President for signature before Congress adjourns, which will be about six weeks hence, according to Speaker Rainey.

There will be no further developments with regard to the House bill until after the public hearings which have now been set by Representative Sam Rayburn, of the Interstate and Foreign Commerce Commission, for Tuesday, April 10th.

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STEINMETZ VOICE ON RADIO

The pallaphotophone, invented at the General Electric Co., in Schenectady, while Dr. Charles P. Steinmetz was carrying on his experiments with machine-made lightning, will carry that scientist's voice to the radio audience of WGY next Saturday (April 7) two days before the sixty-ninth anniversary of his birth.

Dr. Steinmetz, speaking on lightning, was recorded on the pallaphotophone years before his death.

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Dr. C. Francis Jenkins, television inventor, was believed by his physicians to be recovering from a heart attack suffered Tuesday in his home 5502 Sixteenth St., in Washington.

Ill health has confined Dr. Jenkins to his residence since an attack in June, 1931. Much of this time he has spent in bed. A sharp recurrence of the ailment led physicians to fear for his life the last few days. He is 66 years old.

Phil Loucks, of the National Broadcasters' Association, and Sol Taishoff, one of the wealthy publishers of Broadcasting Magazine, are in Bermuda for a Spring vacation. They are accompanied by their wives and expect to return in about two weeks.

A new high sales mark was said to have been set in Cincinnati by the receipt of a single order calling for 40 carloads of Crosley Shelvador and Tri-Shelvador Electric Refrigerators.

It was placed by the Apollo Radio Co., of Newark, N. J. It exceeds by two cars the previous Crosley record order when the Chanslor-Lyon Company of San Francisco placed one for 38 carloads.

The May issue of Tower Radio, the new fan magazine, contains articles, "Comedy is No Laughing Matter" by Ed Wynn, "Maestro Stokowski" by Louis Reid, "Mexico Menaces American Radio" by Robert D. Heintz, and "How to Get a Radio Audition" by Jesse Butcher. The sale of the first issue of the magazine, which is sold through the F. W. Woolworth stores, as well as on newstands, is reported to have been tremendous.

The current issue of Harper's Monthly contains a critical article, "Why Isn't Radio Better?"

The Chicago Better Business Bureau has established a department to investigate and correct inaccurate continuity in connection with commercial radio broadcasting. The feasibility of the plan has already been demonstrated by cases handled to date, according to Kenneth Barnard, bureau manager.

The bureau has installed a receiver and a device for recording individual broadcasts, and by this means is able to make permanent records of commercial programs. Radio stations are cooperating with the bureau by providing copies of continuity upon request.

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CEREMONIES TO MARK ERECTION OF WOR 50 KW TRANSMITTER

Alfred J. McCosker, President and Director of WOR, is planning elaborate ceremonies in connection with the ground-breaking for that station's new 50,000 watt transmitter that is to be located in Carteret, N. J.

The date is contingent upon the speed with which the Department of Commerce's Aviation Division can get the approval of various New Jersey State bodies, such as the Aviation Commission and the Utility Commission to pass along its own O.K. to the Federal Radio Commission. Twenty days must elapse thereafter so as to give time for the recording of any further objections. It is expected, however, that work will commence somewhere between April 20 and May 1.

"It is expected that the transmitter will be in operation in five or six months after work begins. The transmitter has already been constructed and ready to be installed in the new building", a statement from WOR reads.

"Delay in the erection of towers has been caused by objections to their height, which J. R. Poppele, Chief Engineer of the station had planned would be 770 feet. Air lines voiced their objection, however, on the ground that this would endanger lives of passengers using the planes. In this they were supported by the Commission. A compromise figure of approximately 385 feet was reached.

"Plans call for an innovation in lighting the towers - plans which will greatly exceed the requirements contained in Federal laws safeguarding air traffic. The lights will be of the Neon type and will light the tower on all four sides.

"Instead of the usually circular radiation of energy from the station towers, physicists at WOR are experimenting with a wave formation that will form about three-quarters of a circle on the land side and flat or shielded on the ocean side. This pattern would be shaped somewhat the same as a kidney. The plan is being worked out with light waves and reflectors.

"Nearly 40 miles of copper wire buried in trenches on the site of the new transmitter will form the ground system. One of the most interesting facts concerning preliminary research is the existence of an oil pipe line passing through the property to the State of Texas. Engineers of the staff are already speculating as to the reaction of the ground wave to the influence of the line and its affect on the strength of the signals."

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted
(April 3, 1934)

WTAG, Worcester Telegram Pub. Co., Inc., Worcester, Mass., license covering changes in equipment and increase in power, 580 kc., 250 watts, for auxiliary purposes only; WHBU, Anderson Broadcasting Corp., Anderson, Ind., license covering rebuilding of station destroyed by fire; 1210 kc., 100 watts, unlimited time; WRJN, Racine Broadcasting Corp., Racine, Wis., license covering changes in equipment, 1370 kc., 100 watts, unlimited time; WNRA, Kathryn Jones, Muscle Shoals City, Ala., consent to Voluntary Assignment of License, to Muscle Shoals Broadcasting Corp.; KUSD, University of South Dakota, Vermillion, S. Dak., special temp. authority to remain silent on April 5, 6, 7, 8 and 9, 1934, during Spring vacation; WQBC, Delta Broadcasting Co., Inc., Vicksburg, Miss., special temp. auth. to operate from 6:30 to 7:15 P.M. CST from April 8 to April 30, 1934; WTAG, Worcester Telg. Publ. Co., Inc., Worcester, Mass., special temp. auth. to operate aux. transms. with power of 250 watts, for period beginning April 15 and ending in no event later than May 1 in order to move main transmitter as authorized by CP; KSCJ, Perkins Bros. Co., Sioux City Ia., special temp. auth. to operate from 7 to 8 P.M. CST April 4 provided WTAQ remains silent.

Miscellaneous

KFNF, Henry Field Co., Shenandoah, Ia., granted regular license and hearing scheduled for April 13, 1934, cancelled, as licensee has corrected complaints; Dale Robertson, Portable and Mobile, Jackson Co., Mich., C.P. for new Gen. Exp. station, heretofore granted, was retired to closed files for want of prosecution; WKBO, Keystone Broadcasting Corp., Harrisburg, Pa., C.P. to move transmitter and studio locally and make changes in equipment heretofore granted, was retired to closed file for want of prosecution.

Ratifications

Action taken March 28: WJCT, Mackay Radio & Telg. Co., New York, granted 60 day authority to operate aboard vessel "Lewis K. Thurlow", pending receipt and action on formal application; WFEM, Franco Italian Packing Co., Terminal Island, Cal., granted 60 day authority to continue operation of station aboard "Santa Margarita", pending action on formal application for renewal; Action taken March 30: KOTN, Wm. F. Chaplin, Pine Bluff, Ark., granted modification of C.P. approving transmitter site at Hotel Pines, Pine Bluff; also granted license 1500 kc., 100 watts, daytime; WFA, WFB, WFC, WFD, WFE, Tropical Radio Telegraph Co., New Orleans, granted special temporary authority for these stations to communicate with Belize, British Honduras, for period of 30 days; Action taken March 31: KHVB, Examiner Printing Co., NC-12196, granted renewal of license subject to filing of formal application; KRGV, KRGV, Inc., Harlingen, Tex., granted extension of special temporary authority to operate unlimited time for period beginning April 1, and pending action on application on file, but not later than Oct. 1, 1934.

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