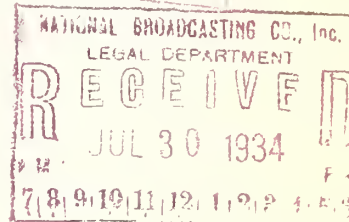
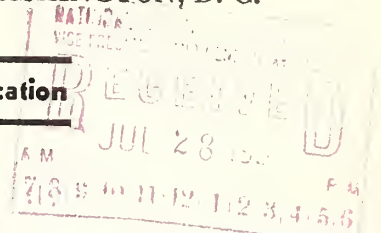


HEINL RADIO BUSINESS LETTER

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No. 744

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July 27, 1934.

COMMISSION ORDERS TELEGRAPH COMPANIES TO SUBMIT DATA

The first Federal move toward regulation of the record wire industry was ordered Wednesday by the new Communications Commission in instructions sent all telegraph companies, radio as well as wire.

Following the lead of the commission's telephone unit, the Telegraph division ordered telegraph companies by September 15 to submit copies of contracts with other carriers, and a cross section of their corporate and stock connections.

Preliminary to the commission's study of merger possibilities in the telegraph field, involving Western Union, now controlling 75 per cent of the telegraph business, and Postal Telegraph, 24 per cent, the division asked full information of the record wire financial set-up. The International Telephone & Telegraph Co. was among those queried.

Commissioner Irvin Stewart, chairman of the telegraph division of the commission called on the telegraph companies operating by radio, landlines and cables to list the names of all persons or corporations in which such carrier may own stock or in which such carrier has any interest whatsoever because of common or interlocking directorates, officers, or other wise; the total capital stock of each such corporation and the amount held by or on behalf of such carrier; and the names of such common or interlocking directors or officers and the positions held by them. Also the names and addresses of all officers and directors of said telegraph carrier and of any person or corporation in which such carrier may have any interest whatsoever; together with a statement of the manner and extent of such interest.

The order likewise called for the outstanding capital stock of all corporations in which such carrier may be interested through stock ownership, common officers or interlocking directorates, or otherwise, or over which such carrier may have or exercise any control whatsoever so far as said corporation or corporations (in which such carrier may be interested) may be engaged in the manufacture or furnishing of apparatus, equipment or supplies used or useful in the operation, maintenance, or improvement of telegraph systems or any experimental research or investigation work looking to or contemplating the development or improvement of equipment or apparatus used or useful in the operation, maintenance or improvement of any telegraph system which may be subject to the provisions of the Communications Act of 1934, together with a statement of the manner and extent of such interest or control.

Also the names and addresses of the 30 largest holders of each class of stock of such carrier and the amount of stock held by each; if such carrier is a subsidiary corporation, the name and address of the controlling or parent corporation, and if the controlling or parent corporation in turn is a subsidiary, the name and address of each corporation to and including that having final control.

And finally the names and addresses of all persons or corporations under direct or indirect common control with such carrier, and the name and address of each person or corporation possessing such direct or indirect common control.

The telegraph division granted the following new radio telegraph applications:

City of Jersey City, Dept. of Public Safety Portable-Mobile (12 applications) construction permit (Exp. Gen. Exp.) frequencies 30100, 33100, 37100, 40100, 86000-400000, 401000 kc., and above, power 4.5 watts; City of Wheaton, Wheaton, Ill., C.P. (Gen. Exp.) 40100 kc., 50 watts; Same - Portable-Mobile (2 appls). same except 5 watts power; City of Springfield, Ohio, Police Dept., C.P. frequencies 30100, 33100, 37100, 401000, 86000-400000, 401000 kc. and above, 50 watts; Same - Portable-Mobile (10 appls), same except 9 watts; Radiophone Corp. of America Portable, C.P. 1614, 2398, 3492.5, 4797.5, 6425, 8655, 12862.5, 17310, 23100, 31600, 40600 kc., 100 watts.

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CHARGES MUSIC PUBLISHERS' CODE ENTRENCHES MONOPOLY

Charging that the Music Publishers' Code was written "to entrench the monopoly of the Music Publishers' Protective Association and the American Society of Composers, Authors and Publishers", Oswald F. Schuette, copyright advisor of the National Association of Broadcasters, presented the objections of the broadcasting industry to that code at the public NRA hearing before Deputy John E. Williams yesterday (Thursday, July 26).

Mr. Schuette offered a series of amendments to the code. One of these would take from the Board of Directors of the Music Publishers' Protective Association - which presented the code - the right to name the code authority for the popular music publishing industry. Another would forbid copyright contracts designed to hinder broadcasts of the works of independent composers and would prevent the beneficiaries of such contracts from participating in the code authority or in its selection.

Another amendment provided that the immunity from the operation of the anti-trust laws, granted by Section 5 of the National Industrial Recovery Act, shall not be applicable to any practices of the Music Publishers' Protective Association or the American Society of Composers, Authors and Publishers now under investigation by the government.

The amendments which Mr. Schuette follow:

On page 4, Article VI, amend Section 1(b) by striking out the provision that the code authority shall be elected by the Board of Directors of the Music Publishers Protective Association and substitute therefor the names of five members of the popular music publishing industry who shall be truly representative of the membership of that industry and not more than two of whom shall be members of the Music Publishers Protective Association. Also strike out the words at the end of this section "within thirty days after the effective date of this code." The code authority should take charge at once.

Also on page 4, Article VI, amend Section 1(a) by striking out the words "to be selected by the Board of Directors of the Music Publishers Association of the United States" and substitute therefor the names of five members of the standard music publishing industry who shall be truly representative of the membership of such industry and not more than two of whom shall be members of the Music Publishers Association of the United States. Also strike out the words "within thirty days after the effective date of this code."

Amend Section 2, of Article VI on page 4, by increasing the number of administration members from one to three (necessary to protect the public, competitors and consumers against this monopoly power.) Also strike out all of Section 3. There is no need for any interim code authority - and if there were, this power should not be entrusted to committees of the MPPA or the MPA.

On page 9, at the end of Section 4, of Article VIII, put a semicolon and add the following language: "Nor shall any member of the industry grant a license for the public performance of copyrighted works, under terms, conditions, or agreements, the effect of which is to deny to other copyright owners the equal opportunity to obtain the public performance of their works through the facilities of such talking machine company, radio broadcasting or television station, electrical transcription company, motion picture company, or place of public entertainment."

Also on page 9, at the end of Section 5, put a semicolon and add the following language: "nor shall any license for public performance of copyrighted music be so worded as to exact or collect a royalty for the use of music not controlled by the licensor."

Add a new section to Article VI on page 4, as follows: "No members of the industry shall be eligible for election as a member of either of the foregoing code authorities, or of the Music Publishers Coordinating Committee hereinafter provided for in Article VII or to participate in the election of a member, stockholder, associate, or participant, directly or indirectly, in any capacity, in any corporation, club, partnership or association composed of copyright owners and/or composers and/or publishers of music, the purpose, effect or result of which is to engage in any of the practices condemned in Article VIII."

On page 11, at the end of Article XI, add the following sentence: "The immunity from the operation of the anti-trust laws, granted by Section 5 of the National Industrial Recovery Act, shall not be applicable to any practices of the Music Publishers Protective Association or the American Society of Composers, Authors and Publishers now under investigation by any governmental agency."

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RADIO SALES PUT AT 4,550,000 SETS

Interest in radios now has reached the highest pitch in several years, and some retailers describe current demand as measuring up to that when satisfactory sets were first so widely distributed back in 1924, according to Dunn & Bradstreet, Inc.

"Instead of the usual summer lull, the trend of sales continues steadily upward, although at a slower rate than during the first six months of the year."

"For wholesale and retail volume during that period rose 50 to 75 per cent above the level reached during the comparative months of 1933, and with some of the large distributors the increase ran as high as 100 to 150 per cent for several of the Nationally known sets."

"This substantial gain is not attributable to the stimulus of low prices, as these have held steady, but almost entirely to the widening popularity of the radio, aided by the constant improvement in the entertainment provided by broadcasting companies, the achievement of manufacturers in bringing the short-wave sets within the reach of the average buyer, and the possibility of enjoying satisfactory programs throughout the entire 24 hours of the day."

"Based on the advanced inquiries for new merchandise, volume during the second six months of the current year will run ahead of the comparative figures for 1933 by 25 to 40 per cent, despite the smaller returns from the drought-stricken areas, as retailers in all parts of the country are expecting demand to swing abruptly upward as soon as the new models will have been displayed."

"This will bring sales for 1934 to a conservatively estimated total of 4,500,000 sets as compared with the record of the peak year of 1929, when 4,438,000 sets were sold, with a retail value of \$592,068,000 less tubes. Sales of automobile radio sets alone are expected to run to 750,000 units."

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COMMISSIONERS APPOINT SECRETARIES

Secretaries were appointed by three Communications Commissioners this week, Brown, Payne, and Case. Each secretary is to receive a salary of \$4,000. Colonel Brown's secretary is Joseph E. Keller, 27 years old, a lawyer of Dayton, Ohio. Mr. Payne will have as secretary, Abraham Miller, formerly of the Treasury Department, and Henry M. Barry, formerly secretary to Senator Bingham will serve as Governor Case's secretary.

Mr. Keller graduated at the University of Dayton Prep School, in 1924, and secured an A.B. degree at the University of Dayton, 1928 and LL.B. degree in 1930, from the same university. He was admitted to practice of law in Ohio in 1930 and in Federal Courts in 1933. Mr. Keller was a law instructor for four years at University of Dayton Law School, and was associated in an editorial capacity for eight years with Dayton Daily News, Dayton Herald and Dayton Journal. He was acting judge of the Oakwood Court, Oakwood, Dayton, Ohio, and served as Editor of the University of Dayton News, two years, and Associate Editor, The Exponent Magazine, University of Dayton, and acted as publicity director, University of Dayton for four years.

Mr. Miller taught Economics, History and English in private preparatory schools in New York City.

From 1908 to 1934, except during a period of about three years, he held administrative positions in the Bureau of Internal Revenue and in other bureaus of the Treasury Department. While in the U. S. Government service, he trained and directed many men and reorganized a number of divisions. He directed successfully numerous important investigations for the Government. He has had much investigative experience.

Mr. Barry was born in Vermont. He graduated from Vermont Academy, Saxton's River, Vt., and Brown University (A.B. 1894 and A.M., 1895); engaged in newspaper work in Providence, R. I., chiefly on Providence Journal; Secretary to Mayor Henry Fletcher of Providence, 1909-1912; Clerk of State Harbor Improvement Commission; Secretary to United States Senator LeBaron B. Colt of Rhode Island, 1913-1925; Secretary to United States Senator Hiram Bingham, Conn., 1925-1933; clerk of various Senatorial standing committees and certain special Congressional commissions, including Insular Reorganization, District of Columbia Airport, Aircraft in National Defense, etc.

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OPEN MEETING TO DISCUSS CODE AT CINCINNATI

What will virtually amount to adding an additional day to the National Association of Broadcasters' convention at Cincinnati, September 16-19, will be an open meeting of the Code Authority for the Radio Broadcasting Industry, Thursday morning, September 20th. As explained by James W. Baldwin, Executive officer, it was decided to hold the meeting at the conclusion of the NAB gathering so as to make it possible for a maximum attendance at a minimum inconvenience to industry members.

The meeting, which will be opened by the Chairman, John Shepard, 3rd, will be conducted under the following rules:

The meeting will be open to any member of the Radio Broadcasting Industry who is complying with all of the provisions contained in the Code of Fair Competition for the Radio Broadcasting Industry. This includes the payment of at least the first three quarterly instalments of the assessments levied by the Code Authority to defray the costs of administration.

Also, each member qualified to participate shall be entitled to one vote. Proxies will not be allowed.

A member in good standing may, in writing, designate a regular staff employee to represent him and his vote shall bind such member, and a member desiring to make a motion or to offer a resolution shall be required to submit a copy of the same to the Presiding Officer in order to gain recognition.

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BELIEVED FORD WILL FIGHT LICENSE DENIAL

Following the denial of the Telegraph Division of the Federal Communications Commission of the applications of the Ford Motor Co. for renewal of licenses of three special experimental radio stations, W8XE and W8XC, at Dearborn, Mich. and W9XH, at Lansing, Ill., it is expected Mr. Ford will carry the case into the courts.

The Telegraph Division followed recommendations of Examiner Ralph L. Walker, who reported the Government departments were faced with an acute shortage of frequencies in the band between 200 kilocycles and those well over 400 kilocycles. The three Ford stations are in the 389-kilocycle class.

Walker added: "Station W8XE during its period of transmission blankets the reception of communications on the frequency used by vessels on the Great Lakes for distressed traffic. The

importance of these communications cannot be overestimated. They involve safety of life as well as property.

"The experimental work now being carried on through the medium of Station W8XC to test the durability of equipment, may be accomplished by using a dummy antenna and without actual transmission. Station W9XH, has not been in operation for a period of months. When used, its activities were substantially the same as those of Station W8XC."

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GENERAL HAMMOND RADIO WHOLESALING CODE AUTHORITY

Gen. Thomas S. Hammond, at present with the Whiting Corporation, Harvey, Ill., has been appointed Administration Member of the Divisional Code Authority for the radio wholesaling trade.

General Hammon has been a member of the NRA Regional Labor Board in Chicago, and was chief of the NRA Blue Eagle Division from July until November, 1933. He is a former president of the Illinois Manufacturing Association, commands the 66th Infantry Brigade, 33rd Division, Illinois National Guard, and was graduated from Michigan University where he was an All-American football player.

The Radio Wholesaling trade has submitted an amendment to its code that would make mandatory on members of the industry contributions to the costs of administering the code.

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GAS STATION RADIOS FOR MOTORISTS' WEATHER INFORMATION

Intermediate wave radio receivers at filling stations and other points along highways to obtain weather information for motorists were suggested by the Bureau of Air Commerce. Every hour from the sixty-eight airways broadcast stations scattered throughout the United States along the Federal Airways System weather reports are sent out on the air to assist flyers, and small receiving sets with a range of from 200 to 400 kilocycles could make this information available to motorists.

This service, if organized, could be made available to the transient motorist in the form of small bulletin boards to be placed in conspicuous places in service stations, bus stations, and local automobile clubs and associations on heavily traveled highways where an attendant could post the weather broadcasts as soon as they were sent out on the air. This would be of particular importance in the more rugged and mountainous sections of the country, where a fog may mean delay, a heavy rain a washout, and a snow an impassable section of roadway.

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FAVORS NEWPORT STATION IF PROVIDENCE STATION CHANGED

Examiner George H. Hill has recommended to the Federal Communications Commission that the application of S. George Webb, for a construction permit for a 100 watt station, nighttime, and 250 watts daytime, on 1200 kilocycles be granted if, and when, Station WPRO, at Providence, R. I. is given the regular assignment to operate on the 630 kilocycle frequency, and when Station WORC is given the regular assignment to operate on the 1280 kilocycles frequency. Otherwise the application should be denied.

The conclusions of Examiner Hill were: The applicant, S. George Webb, is legally qualified and has sufficient financial backing to construct and operate the proposed station. There is adequate local talent available to serve the needs of the proposed station. The Newport area is now inadequately served by existing radio stations. No objectionable interference would result from the granting of the application, provided Station WPRO is regularly assigned to the frequency 630 kilocycles and Station WORC is regularly assigned to the 1280 kilocycle frequency, but should Station WPRO operate on the frequency of 1210 kilocycles serious interference would result.

It was set forth in the report that the applicant, S. George Webb, is the public relations manager of the Newport Electric Corporation, in charge of publicity work for that concern. In the event of the granting of the application, the applicant proposes to form a corporation in order to finance and operate the proposed station. The applicant would purchase stock of the corporation to the amount of \$5,000, and Ralph S. Hollis, Henry Horgan and Glen A. Bissell would each subscribe to a like amount of this stock. In addition to this \$20,000, the President of the Newport Electric Corporation, William P. Sheffield, has assured the applicant the sum of \$20,000 would be procured and made available for the construction and operation of the station immediately upon the granting of the application.

Mr. Sheffield is an attorney-at-law and identified with a number of business enterprises. The applicant testified that while Mr. Sheffield was a man of large means, he could not give a definite statement of his net worth, but he testified that Mr. Sheffield was amply able to put up the \$20,000, which he had agreed to make available for the construction and operation of the proposed station and that the Newport Electric Corporation would not in any way be identified with the construction and operation of the proposed station.

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:::::BUSINESS LETTER NOTES:::::
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George B. Storer, President of the American Broadcasting System, has announced the appointment of Burt McMurtrie as Director of Program Operations of the ABS network, effective August 5.

Mr. McMurtrie was formerly director of the Commercial Program Department of the Columbia Broadcasting System.

William F. Melia has also joined the staff of the American Broadcasting System-WMCA network. His activities will include remote controls and special events. With WMCA since 1929, Mr. Melia transferred to another New York station earlier this year. He will continue to announce only one program, "The Radio Party", on WMCA locally.

A lease has been signed which will provide Station KDKA, Pittsburgh with completely modern new studios and offices, which will occupy the entire third floor of the Grant Building in that city.

"The Westinghouse Electric and Manufacturing Company and the National Broadcasting Company are cooperating to make the new KDKA studios one of the finest broadcasting plants in America", said Richard Patterson, Jr. of NBC. "The present plans call for six studios, each of the largest of which will be adequate to accommodate a huge symphony orchestra. Two other studios will be large enough for small musical ensembles; another will be designed primarily for speakers, and the sixth for electrical transcriptions"

Because the local Kuomintang considers that radio broadcasting of songs and entertainment programs "has a tendency to subvert the thoughts of the people", the Bureau of Education has decided to organize a censorship committee in Shanghai.

The foreign-owned broadcasting stations situated in the International Settlement and the French Concession will not come under the new regulations.

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TELEPHONE DIVISION MARKS TIME AWAITING DATA

Due to the absence from Washington of Chairman Paul Walker, who has returned to Oklahoma to pack up and to bring his family to Washington, there was no meeting Thursday of the Telephone Division of the Federal Communications Commission.

Commissioner Case, Vice-Chairman of the Commission said that nothing of a pressing nature pended before the Telephone Division at this time and therefore no meeting was held.

It was said in another quarter that the Telephone Division would be apt to mark time until returns began coming in from the telephone companies who have been ordered to submit data with regard to rates, contracts, agreements, and so on.

Telephone companies have been given until Sept. 1st to furnish this information.

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TELEVISION WITHOUT LENSES VISIBLE THREE SIDES PROMISED

Television images, visible in a lighted room, and capable of being viewed simultaneously by an audience of several dozen persons through a system of wide-angle projection achieved without lenses or prisms, were shown Wednesday in New York by the National Television Corporation at 52 Vanderbilt Avenue.

The apparatus was developed under the direction of Arno Zillger, Chief Engineer, and John W. McKay, Vice-President of National Television. The receiver will be ready for manufacturing this Fall. Mr. McKay said, "provided suitable television broadcast programs are available on the air."

Two models will be made, one a small cabinet for use on the living-room table, incorporating both receiver and picture mechanism. The other a large floor-type machine of the console variety. Space will be available in the large model for installation of a sound receiver.

The entire radio receiver and picture-producing mechanism is housed in a space 13 by 15 by 22 inches. The unit produced black and white pictures about six inches square. Operation is from ordinary home-lighting alternating current power and the entire set consumes about as much current as an ordinary electric lamp.

A novel picture illuminating lamp, from the rays of which the images are created, is part of the picture machine. The bulb is actuated by the output tube of the ordinary short-wave receiver.

Instead of coming through a scanning disk, the rays of the "picture lamp" play against a revolving "mirror drum", made of small metal reflecting surfaces assembled in the form of a spiral. The eye reconstructs the intercepted view when the observer gazes at the rapidly turning drum. No lenses or prisms are used. Pictures can be seen from three sides of the device. This permits a large group to view the picture without looking over the shoulders of others. Only two control knobs are used.

The concern also has developed compact sound-sight transmitting equipment for use by broadcasting stations, capable of sending out aural-visual programs either from direct studio pick-up or motion-picture films.

Assuming that practical receiving sets for television can be retailed at \$300 a set, at least 700,000 sets would have to be sold to the public at an initial investment of \$210,000,000 before the nucleus of television broadcasting as an industry would be laid.

This declaration has been made by Alfred J. McCosker, head of WOR, Newark, and President of the National Association of Broadcasters, in a reply to a questionnaire submitted by Leon Litt, television researcher, who has been checking official opinion as to the claimed possibility of practical television late in 1935.

McCosker's estimates are that 80 transmitting stations would have to be established to service a television-equipped public and that the capital investment required for these transmitters would be \$40,000,000, while the programming of these outlets would cost \$58,000,000 annually. WOR alone, if operating on a television basis, would have to prepare 21,000 shows of 15 and 30-minute duration per annum.

Thus McCosker's estimates of the preliminary financial investment confronting television can be summed up:

Sets	\$210,000,000
Stations	40,000,000
Programs	<u>58,000,000</u>
	\$368,000,000

It is stated that broadcasting today operates on capitalization of about \$25,000,000.

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