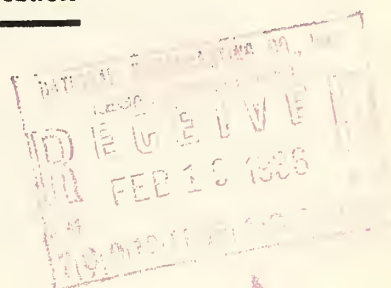


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No. 903

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February 18, 1936.

FCC COMMITTEE UNABLE TO VERIFY CHARGES OF "BRIBERY"

After more than a month of investigation, the special committee of the Federal Communications Commission announced February 15th that it had found no basis for charges that a member of the Commission could be "bought or controlled" and that it was unable to trace the responsibility for the rumor that threatened a split in the FCC.

The investigation had been demanded early in January by Commissioner Eugene O. Sykes after Chairman Anning S. Prall had, upon his own responsibility, called upon the Justice Department to probe the rumor and had subsequently announced the G-men found no basis for the charges.

The second inquiry was conducted by five members of the FCC after both Prall and Sykes asked to be excused. Irvin Stewart was Chairman, and the other members on the committee were Thad H. Brown, Paul A. Walker, Norman S. Case, and George Henry Payne.

Their report follows in full:

"On January 9, 1936, the Commission appointed the undersigned as a committee to investigate what was known as the Willard Hotel incident. The committee immediately began its work, and on January 10, 1936, it requested the Department of Justice to make a full and complete investigation of the matter. Pursuant to that request, a report was submitted to the committee on January 25, 1936. The committee then requested the Department of Justice to procure certain additional information, pursuant to which request a supplementary report was made by the Department on February 1, 1936. With this report the Department of Justice informed the committee that 'this closes the investigation'. The committee itself examined, among others, all persons now on the Commission's staff who participated in the hearings on the applications of the Howitt-Wood Radio Company, Inc., owners of Station WNBK, Binghamton, N. Y., and the Knox Broadcasting Company, Schenectady, N. Y. for facilities on 1240 kc.

"The committee has obtained sworn statements from all persons interrogated either by the Department of Justice or by it. Upon the basis of those statements and of other information obtained by it, the committee submits the following report:

"On September 5, 1935, after the recess of the afternoon session of the hearing on the application of the Knox Broadcasting Company, Mr. Cecil D. Mastin, of Binghamton, N. Y., Mr. Harold E. Smith, of Albany, N. Y., Mr. C. M. Jansky, Jr., and Mr. Alfons B. Landa, of Washington, and Mr. Maurice Jansky of Madison, Wisconsin,

met in Mr. Mastin's room (803) at the Willard Hotel. There they discussed and criticised the hearing which they had just left. Highballs were served, but some of those present state that they did not participate.

"Mr. A. Mortimer Prall was registered in Room 804, which adjoined Mr. Mastin's room. With him that afternoon was Major Malcolm M. Kilduff.

"Mr. Prall and Major Kilduff joined Mr. Anning S. Prall, Chairman of the Federal Communications Commission, and Mr. Herbert L. Pettey, Secretary of the Commission, at Chairman Prall's apartment for dinner that evening. There they told the substance of a conversation which they said they had overheard late that afternoon in Room 803. The essential feature of the overheard conversation, as Mr. Mortimer Prall and Major Kilduff state it was told to Chairman Prall and Mr. Pettey, was that Mr. Harry Butcher could straighten out Station WNBC's difficulties with the Commission for \$25,000, and that one of the speakers was prepared to pay \$25,000 or \$50,000. This story was told to an agent of the Department of Justice who came to the apartment that evening to begin an investigation in response to a request from Chairman Prall.

"Mr. Pettey has informed the committee that the alleged conversation as it was reported to Chairman Prall and himself that evening also included (1) a description of a person connected with the Commission who could be 'gotten to', which description was discussed by those present, although the person was not identified; and (2) an intimation that the described person had been in the pay of some company for a number of years. Mr. Pettey's recollection was that the description was given to the agent of the Department of Justice; this does not accord with the agent's report. The intimation that the described person had been in the pay of some company was not passed on to the agent.

"Mr. Mortimer Prall states that on September 6 he told Chairman Prall and Mr. Pettey that upon his return to his room about 12:40 A.M. he had heard one man in Room 803 tell another that a described, but not named, Commissioner had instructed the Examiner what to recommend. That same day Mr. Mortimer Prall told the Department of Justice agent that he had given the agent all the information in his possession, but he did not mention the description or the purported instructions to the Examiner. A short time thereafter Chairman Prall and Mr. Pettey informed the agent that they had no information in addition to that which had already been furnished to him.

"The investigation by the Department of Justice was suspended early in September, after Chairman Prall had told the agent that the psychological moment for pursuing it had passed and that the investigation could be more advantageously pursued later.

"Upon receiving a report on the matter from Chairman Prall on December 18, 1935, the Commission directed the Chairman to request the Department of Justice to continue the investigation. Except for a letter the committee has seen no report from the Department of Justice prior to that of January 25, 1936.

"Each of the occupants of Room 803 has sworn that he made no such statements as those reported by Mr. Mortimer Prall and Major Kilduff; likewise each has reported that he did not hear any such statements made by anyone in the room. Mr. Butcher has sworn that never upon any occasion did he make any statement that anyone on the Commission 'could be bought or controlled'. All of the persons involved have declared that they have never made any statements reflecting upon the character and integrity of any member of the Commission.

"The Examiner who heard the Knox Broadcasting Company application has testified that no member of the Commission, or any other person, spoke to him about his recommendation or about any phase of the hearing. The committee's investigation within the Commission reveals no irregularities in the handling of either the Binghamton or the Schenectady application.

"The committee is unable to state whether the alleged conversation ever took place. If the purported statements were made, they have been completely repudiated. Grave responsibility for unsupported statements attacking the integrity of a Government official lies at the door of some person involved in this matter. If the individuals responsible could be identified, they should be prosecuted as relentlessly as the maligned person should have been had the charges been substantiated. While we conclude that there is no basis for the charges made, we keenly regret that we cannot fix the responsibility for them."

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SNELL HOLDS CONTROL OF RADIO IS TOO TIGHT

The minority leader in the House, Representative Snell, of New York, declared in a radio interview over the Columbia Broadcasting System last week that conditions surrounding the broadcasting of political speeches would be better "if government control as it is asserted today were lessened."

Controversy over the use of radio arose after the broadcast of President Roosevelt's message to Congress early last month, Republicans charging that his address was of political caliber and that their party should have comparable time on the radio. Snell's attitude was expressed in a broadcast talk with a commentator, Boake Carter, in the CBS series on "Broadcasting and the American Public".

Snell said he believed the American system of radio was preferable to the European government control, but that "it still would be better * * * if Government control as it is asserted today were lessened."

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MACKAY FILES BRIEF WITH FCC IN SCRAP WITH RCA

Supplementing testimony offered at a prolonged hearing before the Telegraph Division of the Federal Communications Commission, the Mackay Radio & Telegraph Company has filed a brief with the FCC in connection with its application for authority to establish a radio communications circuit between New York and Oslo, Norway.

Mackay stated in its brief that "under present laws, opposed as they are to monopoly", the FCC cannot refuse to grant the request.

The Western Union Telegraph Co. has filed a brief opposing the new circuit on the ground that existing facilities are adequate. The R.C.A. Communications, Inc., which took the lead in opposing the Mackay application at the hearing, is expected to file a similar opposint brief this week.

Upon the decision of the FCC in the case will depend the future policy of Mackay regarding expansion into foreign fields where RCA now exercises a monopoly.

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KRGV CLAIMS EXCLUSIVE DAYTIME COVERAGE IN ITS AREA

A unique claim in these times of crowded airwaves is that of Dick Niles, President of Station KRGV, Weslaco, Texas, that his station has exclusive daytime coverage of the lower Rio Grande Valley during daytime hours, covering some 25,000 homes.

"We are sosituated in this remote section", he writes, "that we have virtually an exclusive audience all during the daytime and up until about 8 o'clock when State reception improves."

The Mexican Consuls at McAllen and Brownsville cooperate with the station, he said, because the Mexican population of the area is interested in the Mexican programs of a local character carried by KRGV. A Mexican news period carries bulletins direct from Mexico City, and the Mexican Consuls provide special features.

Niles has prepared and issued a pamphlet explaining the coverage and results of KRGV. The station, he adds, is located in the "richest agricultural section of the State of Texas."

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SEVEN MILLIONTH PHILCO RADIO COMES FROM PRODUCTION

The seven millionth radio receiver came out of Philco's plant last week, received its final inspection, and was then removed from the lines by Mayor S. David Wilson, of Philadelphia.

The Mayor extended the city's compliments upon the unprecedented record that Philco has established in the radio industry by manufacturing and selling 7,000,000 Philco radios since the company began the manufacture of home and automobile receivers in 1928; and thanked Philco for its contribution to the community's industrial life.

Sayre M. Ramsdell, Vice-President in Charge of Advertising, gave credit for this unparalleled achievement to the power of advertising, of which Philco has been a consistent user since it entered the radio field.

"We have always used large space in the advertising of our products", Mr. Ramsdell said, "and are convinced that this advertising has greatly increased the demand for Philco, thus permitting us to greatly lower production costs and give the public greater performance and value than ever before possible in the industry."

Mayor Wilson also expressed his city's gratitude to Philco for having given steady employment to thousands of Philadelphia citizens, and for having added more than \$37,000,000 to the city's payrolls.

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PATENT COMMITTEE MEMBER TO TALK ON DUFFY BILL

The Duffy Copyright Bill, which proposes elimination of the \$250 minimum fine for copyright infringement, will be discussed by Representative Braswell Deen (Democrat), of Georgia, over an NBC-WEAF network on Wednesday, February 19, at 10:30 P.M., EST.

Representative Deen is a member of the House Committee on Patents, where the bill is now pending after having passed the Senate.

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SENATE COMMITTEE REPORTS BILL TO END ZONE SYSTEM

Urged by the Federal Communications Commission, the Wheeler Bill to abolish the zone system of allocating broadcasting facilities on the basis of population was favorably reported by the Senate Committee on Interstate Commerce February 17th. Pending in Congress for the last two sessions, the measure was the only specific legislation requested of Congress by the present Commission. The House Committee on Interstate Commerce has been asked by Chairman Anning S. Prall to report a similar bill, but there is no assurance that it will pass either house.

The Wheeler Bill seeks to substitute for the old Davis Equalization Amendment, adopted in the early days of broadcasting and later incorporated in the Communications Act of 1934, the following provision:

"In considering applications for licenses, and modifications and renewals thereof, when and insofar as there is a demand for the same, the Commission shall make such distribution of licenses, frequencies, hours of operation, and of power among the several States and communities as to provide an equitable distribution of radio service to each of the same."

The section of the law which the bill aims to amend states that the Commission "shall make a fair and equitable allocation of licenses, frequencies, time for operation, and station power to each of the States and the District of Columbia, within each zone, according to the population."

While the zone law has not been strictly observed by the FCC or its predecessor, the Federal Radio Commission, it has proved a thorn in the flesh of the Commission and especially of the FCC Engineering Department.

Should the old Davis Amendment be scrapped, the way will be open for the Commission to allocate broadcasting facilities on the basis of technical feasibility rather than according to population. It would probably result eventually in a shakeup of the present assignments of frequencies, and for that reason is opposed by many stations who would be in danger of losing their licenses.

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COMMITTEES ASSIGNED STUDIES FOR C.C.I.R. MEETING

Four Technical Committees were set up to study specific problems in preparation for the fourth meeting of the International Radio Consulting Committee in Cairo, Egypt, sometime in 1938, at a conference held all day February 14 at the call of Chairman Anning S. Prall of the Federal Communications Commission.

The FCC parley was called after the International Broadcasting Union invited European broadcasters to meet and prepare a list of demands for the International Conference of the C.C.I.R. The most pressing problem facing all the nations is international interference caused of the crowding of certain short-wave bands.

The committees set up at the FCC meeting are:

A. - Organization and Technical Problems: Dr. J. H. Dellinger, Bureau of Standards, Chairman; Maj. John Gardner, War Department, Vice Chairman.

B. - Technical Problems Relating to Frequency Allocations: E. K. Jett, Chairman; Gerald Gross, Vice-Chairman; both are of the FCC Engineering Department.

C. - Operation: Capt. S. C. Hooper, Naval Communications, Chairman; E. M. Webster, FCC staff, Vice Chairman.

D. - Broadcasting Problems: Andrew D. Ring, Chairman; Raymond Asserson, FCC staff, Vice-Chairman.

Commander T. A. M. Craven, Chief Engineer of the FCC was named Chairman of the whole group, and Gerald Gross was appointed Secretary.

Committee meetings were scheduled for March 3 and 4, and another general conference for March 26th.

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FCC THROWS COLD WATER ON THREE SCOTT MEASURES

The Federal Communications Commission in a lengthy letter to Representative Scott (Democrat), of California, last week threw cold water on three of his radio bills and avoided mentioning the fourth, which would set up a Broadcast Research Commission to determine the future of broadcasting.

While expressing "complete sympathy" with the purposes of the bill (H.R. 9229) to make radio facilities more accessible for public discussion, the FCC pointed out that the legislation "leaves the door wide open for scurrilous defamatory attacks by judgment-proof, irresponsible individuals."

A similar objection was voiced against the bill (H.R. 9230) to set aside time for "uncensored discussion" of public issues. The Commission added that if Congress wants such legislation it should adopt a direct mandate as the present system of broadcasting would of necessity be changed.

As to the third measure (H.R. 9231), which would require licensees to keep complete records open for public inspection, the FCC stated it requires stations to keep program operating logs, but it added that Congress has not yet defined broadcasting stations as common carriers, subject to strict regulation and inspection as are public utilities.

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CONNERY RENEWS ATTACK ON FCC; ALLEGES FEAR OF RADIO

Citing the report of the Special Committee of Five on its investigation of charges of bribery and political influence, Representative Connery (Democrat), of Massachusetts, on February 17 renewed his attack on the Federal Communications Commission on the House floor and demanded action on his resolution for a Congressional investigation of broadcasting.

By quoting an anonymous authority on radio in New York, Connery implied that Congress is afraid to investigate the broadcasting industry.

"I was in New York last Monday speaking at a Democratic service men's gathering in the Hotel Commodore", he said. "At a certain luncheon which I attended that same day I talked to a man who probably knows as much about radio and all its workings as any man in the United States. I am not going to mention his name. It would embarrass him at this point. He will be glad to come before the committee at the proper time. That man said to me. 'Billy Connery, Congress does not dare to investigate the Radio Commission, and it does not dare to investigate radio broadcasting because the biggest lobby in the United States, the Power Trust, controls radio, and Congress does not dare to investigate radio.'

"I say this is a challenge to the Congress of the United States, that there is any group of men or any lobby in the United States which can say to the Congress or which makes the statement to the Congress, 'You do not dare to investigate the Radio Trust.' As I have said on previous occasions, this is an unpleasant task. It will mean to me, if the Speaker should choose to appoint me chairman of that committee, long hours of hard work on that committee. It is not pleasant to sit long hours day and night investigating a rotten situation in the radio industry; but, like the gentleman from Illinois (Mr. Sabath), who has done such fine work with his special committee investigating the issuing of fraudulent bonds and mortgages, I am willing to work and work hard to protect the American people from exploitation by this powerful Radio Trust. This investigation should proceed, Mr. Speaker. I think that situation should be cleaned up, the homes of the American people protected, and a privileged few denied the opportunity of controlling information furnished to the American people by a monopolistic control of radio broadcasting.

"In conclusion, many Members of the House feel that this investigation of radio is a very important matter and should be acted upon by this House. I have had letters from all over the United States protesting about conditions on the radio and conditions in the Federal Communications Commission. Many Members of this House are anxious to have these conditions cleaned up and believe that the Rules Committee ought to report to this House a resolution for a thorough investigation of radio broadcasting from top to bottom."

Speaking of the FCC report on its own inquiry, Connery said:

"Last Friday the people of the United States celebrated Valentine's Day. The Federal Communications Commission took advantage of the day to present to the American people a valentine, the like of which I hesitate to believe has ever been presented by a governmental agency to the Congress or to the American people."

Of its conclusion, he observed:

"Is it the belief of any Member of this House that those who made such statements or who were alleged to have discussed the possibility of bribing a public official are going to admit willingly that they entered into such a conspiracy?"

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PERMANENT PARIS "RADIO CENTER" TO BE BUILT FOR FAIR

Paris may shortly possess a "radio center", according to a Consular report to the Department of Commerce. The international exposition to be held in Paris in 1937 is to include a building to house various radio broadcasting stands. The French Minister of Postal Affairs has expressed the desire that this building shall be constructed on a permanent basis and not as a temporary edifice as will be the case with the other buildings at this exposition.

The "Maison du Radio" therefore, initially installed for the 1937 international exposition in Paris will remain definitely. With this in view, the postal administration has made an allocation of 10 million francs (approximately \$650,000) from the radio-broadcasting budget, and the organizers of the exposition have also been requested to contribute some millions of francs for this proposed building, according to the report.

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COMPOSER RAPS WARNER BROS. IN ASCAP ROW

Sigmund Romberg, best known as a composer of song shows, composed a letter February 15, criticizing the way Warner Bros. is handling its radio music controversy with the American Society of Composers, Authors and Publishers, according to the Associated Press from New York.

As President of the Song Writers' Protective Association, Romberg warned the music publishing subsidiary of the film company that "you have no right to make contracts" affecting composers' rights to license public performance of their songs "without their consent."

Romberg referred to Warner's efforts to obtain for its song writers a greater share of the profits earned by radio music but expressed no appreciation.

"While you recognize the interest of song writers in 50 per cent of the proceeds derived from use of their songs in radio, yet we resent the implication * * * that the rights in question belong to you or your subsidiaries to handle in any way you see fit", he wrote. "Our members are interested not only in the proceeds but in the rights themselves."

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 ::::INDUSTRY NOTES::::
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Hiram Percy Maxim, of Hartford, Conn., internationally known inventor and mechanical engineer, who died February 17 at La Junta, Colo., was well known to the radio industry as President of the American Radio Relay League and the International Amateur Radio Union.

The Columbia Broadcasting System's key station, WABC, of New York City, was voted the popular choice of 10,000 boys and girls living in seven New York neighborhoods as the result of a questionnaire prepared by the Children's Aid Society to determine the broadcasting tastes of juveniles, according to a CBS press release. The youngsters, who are members of the Society's Boys' and Girls' Clubs, explained that they listen to WABC more than any other station because it puts on so many of their favorite performers, such as Eddie Cantor, Burns and Allen, Bobby Benson and Dick Powell.

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BBC GAINED LISTENERS, PROFIT LAST YEAR

The British Broadcasting Corporation advanced during 1935 in wealth, popularity and scope, according to the Canadian Press.

The Corporation's ninth annual report, just issued, showed 7,403,109 licenses had been issued in 1935, an increase of 622,540 over 1934. Income gained £413,000 to £2,500,000. Expenditures, at £2,148,000, were up £309,000, of which £195,000 was applied to programs.

Weekly appeals for various charitable causes realized a record total of £111,000.

The Corporation received 150,000 letters relating to programs, 80 percent of which were complimentary. Correspondence from overseas doubled, indicating increased interest in the empire service provided. The letters were considered valuable guides in developing programs and arranging the technical aspects of the service.

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SENATOR ASHURST SPURNS RADIO

There is one man in the Senate who does not believe in the use of radio in campaigns, according to John Snure, Jr., in the Washington Times. He is Senator Henry Fountain Ashurst (D.) of Arizona, an orator of the highest degree.

Ashurst was recently discussing the use of radio in political campaigns. He contended that he always issued an order to his aides to the effect that they were never to use the broadcasting systems to appeal for votes.

Ashurst said:

"I don't believe in the radio. I want to see the voters and to have them see me!"

For one of the most eloquent men in the Senate and for one who would probably be a radio "hit", Ashurst holds an unusual record of never having used the broadcast medium, Snure adds.

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