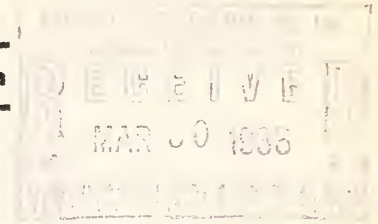


# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



## INDEX TO ISSUE OF MARCH 27, 1936

New W-B 5-Year 5-Year Contract On Monthly Fee Basis.....	2
Hearst Net Rumors Continue As He Wars On Publicity.....	4
Court Refuses To Dismiss Libel Complaint Against Cantor.....	4
ASCAP Officials Indicted In State Of Washington.....	5
Congested S-W Bands May Bring Separate Parley.....	6
Cairo Radio Conference Committees And Questions.....	7
"Willard Hotel" Resolution Referred To Committee.....	8
Musicians' Unions Win Pay Raises From Networks.....	9
Denial Of Cape May Application Recommended.....	9
FCC Changes Meetings Schedule During Phone Probe.....	10
Networks' Time Sales Gain In February; CBS Leads.....	10
John Bachem Named NBS Sales Manager.....	10
Cooperative Selling Of Radios Disturbing Belgian Dealers.....	11
BBC Awaits Radio Station For Tie-Pin.....	11
Industry Notes.....	12
Davis Named N. Y. Manager For ABC.....	12

No. 914

*Handwritten signatures and initials at the bottom of the page, including what appears to be 'G. S. A.' and 'F. M.'.*

## NEW W-B 5-YEAR CONTRACT ON MONTHLY FEE BASIS

After rejecting the "per piece" plan of licensing copyrighted music, as urged by the National Association of Broadcasters, Warner Brothers through the Music Publishers Holding Corporation submitted a new five-year contract to broadcasting stations on March 26th.

The new contract, like the temporary licenses in effect since January 1st between the W-B music publishers and approximately 250 stations, is based upon a monthly fee to be paid by stations.

Earlier an Advisory Committee from NAB had called on Herman Starr, President of the Music Publishers Holding Corporation, and made a plea for adoption of the per piece plan. A statement by Warner Brothers announcing the new contract said that adoption of the per piece plan "was made impossible by the fact that about January 15th a majority of the radio stations signed an agreement with the American Society of Composers, Authors, and Publishers on a bulk (or flat fee) basis."

Continuing, the statement quotes Mr. Starr, as follows:

"If we had carried out the idea of a per-piece basis, in face of this agreement between ASCAP and most of the stations, we would have been exposed to discrimination against our publications. We still believe that a per-piece basis would be fairer to all concerned. The failure of the industry to achieve this basis is due to ASCAP's action in forcing a new bulk agreement upon the stations.

"Our own five-year contract is evidence of our determination to remain outside the American Society of Composers, Authors and Publishers, from which we resigned on December 31st last.

"One important feature of our contract is that the monthly fee for the use of our music will be based on the local quarter-hour rate of each station instead of the national rate - a much fairer arrangement for a large number of the smaller stations which announce a national rate but do practically no national business."

The new Warner contract, which takes effect April 1st, is summarized as follows in a letter sent to radio stations in all sections of the country:

"On December 30, 1935, after discussion with Mr. James W. Baldwin, Managing Director of the National Association of Broadcasters and a Committee appointed by him, there was sent to you a

3/27/36

three-months' license for the use of the musical compositions controlled by our principals.

"At that time it was our hope and aim that during the term of the license it would be possible to work out a system of fees based upon actual use of individual compositions.

"However, shortly after the first of the year the great majority of broadcasters entered into a five-year agreement with the American Society of Composers, Authors and Publishers upon a bulk basis. The making of this agreement precludes the possibility of arriving at any per-use or measured basis of compensation which would not subject us to the possibility of discrimination against our catalog.

"After further discussion with Mr. Baldwin and the members of his Committee, we have prepared a new agreement for five years from April 1, 1936, which, while in the main similar to the temporary agreement, is different in the following particulars:

"1. It is for the period of five years from April 1, 1936.

"2. The monthly fee for each full time station is based upon the highest local quarter-hour rate instead of the highest published national rate. The monthly fee for the first month for each full time station having a local quarter-hour rate of more than \$25.00 is four times its highest local quarter-hour rate on March 1, 1936. The monthly rate for each month thereafter will be four times the highest local quarter-hour rate during such month. The license fee for full time stations, the highest local quarter-hour rate of which is \$25.00 or less, will be twice their highest local quarter-hour rate.

"#3. Licensees will be required to report the use of our own musical compositions only, instead of all compositions.

"4. While the agreement contains a provision which guarantees that no station shall have more favorable terms than any other stations, we are given discretion in the fixing of license fees of stations which because of peculiar conditions or extenuating circumstances are entitled to more favorable terms.

"5. If at any time during the term of the license the Broadcasting Industry and the Music Publishing Industry shall agree upon a system of license fees based upon actual use of individual compositions, then you shall have the privilege of terminating the license agreement in the event that we fail to adopt such per-use system."

X X X X X X X X



## HEARST NET RUMORS CONTINUE AS HE WARS ON PUBLICITY

As rumors continue to circulate regarding negotiations of William Randolph Hearst to acquire new broadcasting stations and to establish a third major network, the publisher has set the broadcasting and newspaper industries gossiping by abruptly paring all radio program publicity in his 38 papers to the bone.

Starting with the Los Angeles Examiner, Hearst papers over the country have been ordered to eliminate all but the essential program notices from their columns. Most radio editors have been transferred to other duties.

The new policy has proved doubly amazing because Mr. Hearst appears to be going into the broadcasting business on a large scale. Besides lending WCAE, Pittsburgh, to the Mutual Network for broadcasts on the flood, Mr. Hearst is reported to have made bids for WEEI, Boston, WXYZ, Detroit, and the Don Lee Network. No confirmations have been forthcoming.

Explanations for the ban on radio publicity have been both numerous and speculative with no statement coming from Sam Simeon. Among the guesses are:

Displeasure over the Columbia Broadcasting System broadcast of a speech by Earl Browder, Secretary to the Communist Party of the United States.

An alignment between Warner Brothers and Hearst against the National Broadcasting Company and Columbia Broadcasting System and the American Society of Composers in the copyright feud. ASCAP is blocking song plugs on the new Marion Davies picture released by Warners because of the copyright situation.

A scrap between Louella Parsons, Hearst syndicated movie columnist, and Mary Pickford over film names for their respective radio programs.

Hearst national advertising salesmen and advertising managers met at San Simeon and agreed that radio is taking much revenue away from newspapers.

X X X X X X X X X X

## COURT REFUSES TO DISMISS LIBEL COMPLAINT AGAINST CANTOR

The New York State Court of Appeals has refused to dismiss the \$100,000 libel suit brought by Ben Gross, Radio Editor of the New York Daily News against Eddie Cantor, the comedian, and Radio Guide, Inc. In so doing it set forth a new aspect of the law of libel.

The opinion, written by Justice Loughran, held that a complaint in an action for libel which alleges that the



defendants published a defamatory statement concerning a small group, that the public knows that the plaintiff is a member of the group, that the statement was especially aimed at plaintiff and commonly understood to be an imputation against him personally, states facts sufficient to constitute a cause of action.

The article on which the suit is based was published in Radio Guide Magazine in the form of a telegram from Eddie Cantor. It was entitled "Cantor Bares Feud of Critics." It called attention to a feud between the comedian and the radio editors of New York newspapers.

In part, Cantor's wire said: "However, I shall continue to fight those New York radio editors who are experts at log-rolling, who use their columns for delving into personalities that have nothing to do with radio, and whose various rackets are a disgrace to the newspaper profession.

"There is but one person writing on radio in New York City who has the necessary background, dignity and honesty of purpose."

X X X X X X X X

#### ASCAP OFFICIALS INDICTED IN STATE OF WASHINGTON

Continuing its copyright war on the American Society of Authors, Composers and Publishers, the State of Washington has obtained indictments against leading ASCAP officials in the Snohomish Superior Court at Everett, Wash. The County prosecutor, A. W. Swanson, obtained the indictments.

Branding ASCAP as a "monopolistic institution" and charging its officers to be in "conspiracy and intimidation in restraint of public trade", Swanson named as defendants Louis Bernstein, Saul Bernstein, E. C. Mills, Gene Buck and Nathan Burken of New York, and John L. Stanley, local ASCAP manager. Mr. Swanson said that he would seek extradition of the defendants. Judge Ralph C. Bell set the bail for each at \$1,250.

The action is an outgrowth of the vigorous attack recently made on the music society by the State's radio interests and Attorney General E. P. Donnelly. ASCAP at present is operating under receivership in Washington, and its fight to win back complete control for itself is pending in the State courts.

Mr. Donnelly had previously stated that ASCAP officials would be liable to criminal prosecution if they entered the State, but this move by Mr. Swanson is the first attack on the ASCAP officials themselves.

X X X X X X X X

## CONGESTED S-W BANDS MAY BRING SEPARATE PARLEY

Discussing the overcrowded condition of the 49 meter and other short-wave broadcasting bands at a meeting of the C.C.I.R. (International Radio Committee) in Washington, Dr. C. B. Jolliffe expressed the opinion that this might assume sufficient importance to be considered at a separate conference. The question of widening the short-wave bands will be included in the agenda for discussion at the International Radio Conference at Cairo in 1938. If there is to be a meeting devoted to broadcasting in the high frequency bands, Dr. Jolliffe believed that it might be held following the main convention at Cairo or soon thereafter.

Dr. Jolliffe said that the present situation in the short-wave bands was analogous to that in the long-wave broadcasting field in this country before the Radio Commission brought order out of chaos. He said that everybody was getting aboard so that they would have to be recognized when the nations formally took up the subject, those who had too many frequencies would be cut down, but all who were on the air at that time would have to be considered. This obviously would bring up the question of widening the short-wave bands.

It was the opinion of Dr. Jolliffe that in the meantime we might expect to see considerable overcrowding of the 17 megacycle short-wave broadcasting band. He said that the British Broadcasting Company were anxious, on account of sun spots, to secure a short-wave broadcasting between 3 and 4 megacycles. This space is now occupied by amateurs and government aviation.

Dr. Jolliffe, formerly Chief Engineer of the Communications Commission now with the Radio Corporation in New York City, has just returned from Paris where he attended a meeting of the International Broadcasting Union, of which he is one of three vice-presidents, the others being M. Mugica, of the Argentine National Association of Broadcasters, and M. Kee Tsing Li, of China. Dr. Jolliffe was accompanied to Paris by E. K. Cohan, General Engineer of the Columbia Broadcasting System.

Mr. Cohan told the Washington gathering that a tremendous short-wave broadcasting station power increase may be expected in Europe during the next twelve months.

"England is building three new 75 KW short-wave transmitters, Germany a 100 KW transmitter and even Portugal has ambitions along these lines", Mr. Cohan said.

Commander T.A.M. Craven, Chief Engineer, FCC, presided at the Washington C.C.I.R. meeting. A number of committee reports were submitted in connection with the forthcoming Bucharest radio conference. The rest will be taken up at the next meeting of the group which Gerald C. Gross, its secretary, said would be held Thursday, April 23rd.

X X X X X X X X X



## CAIRO RADIO CONFERENCE COMMITTEES AND QUESTIONS

An outline of the organization of committees preparing for the Cairo Radio Conference in 1938 and the questions which they are considering has just been announced. Anning S. Prall, Chairman of the Federal Communications Commission is Chairman of the group. Commander T.A.M. Craven, Chief Engineer of the Commission is Vice-Chairman, and Gerald C. Gross, Assistant Engineer, of the FCC, General Secretary.

Committee on Technical Matters

Chairman: Dr. J. H. Dellinger

Vice Chairman: Lt. Col. D. M. Crawford

Articles to be considered:

Definitions; Classification of Emissions; Quality of Emissions; Table of Frequency Tolerances and of Instabilities, Table of Frequency-Band Widths Occupied by the Emission.

Committee on Traffic Matters

Chairman: Captain S. C. Hooper

Vice Chairman: E. M. Webster

Articles:

General Radiotelegraph Procedure in the Mobile Service; General Call "to all"; Calling; Use of Waves in the Mobile Service; Distress Traffic and Distress Signals - Alarm, Emergency, and Safety Signals; Order of Priority of Communications in the Mobile Service; Indication of the Station of Origin of Radiotelegrams; Routing of Radiotelegrams; Service of Low-power Mobile Radiotelephone Stations; Special Services: List of Abbreviations to be Used in Radio Communication, Scale Used to Express Strength of Signals, Procedure in the Service of Low-Power Mobile Radiotelephone Stations, Procedure to Obtain Radio Direction-Finding Bearings

Articles of Additional Radio Regulations:

Order of Priority of Communications in the Mobile Service; Time of Filing of Radiotelegrams; Address of Radiotelegrams; Doubtful Reception - Transmission by "Ampliation" - Long-Distance Radio Communication; Retransmission by Stations of the Mobile Service; Notice of Nondelivery; Period of Retention of Radiotelegrams at Land Stations; Radiotelegrams to be Forwarded by Ordinary Mail or by Air Mail; Special Radiotelegrams; Radio Communications for Multiple Destinations

Committee on Allocation

Chairman: T.A.M. Craven

Vice Chairman: E. K. Jett

Articles:

Allocation and Use of Frequencies (Wavelengths) and of Types of Emission



Committee on Administration

Chairman: Comdr. F. A. Zeusler  
 Vice Chairman: Gerald C. Gross

## Articles to be considered:

Choice of Apparatus; Amateur Stations and Private Experimental Stations; Conditions to be Observed by Mobile Stations; Operators' Certificates; Authority of the Master; Inspection of Stations; Reporting of Violations; Call Signals; Service Documents; Interference; Emergency Installations; Working Hours of Stations of the Mobile Service; Accounting for Radiotelegrams; Aeronautical Radio Service of Public Correspondence; International Radio Consulting Committee (C.C.I.R.); Expenses of the Bureau of the Union; Effective Date of the General Regulations.

Report of a Violation of the Telecommunication Convention or of the Radio Regulations; Hours of Service for Ship Stations in the Second Category; Service Documents; Service Symbols; Documents with which Mobile Stations Must be Provided; Statement of Radiotelegrams exchanged with Mobile Stations; Internal Regulations of the International Radio Consulting Committee (C.C.I.R.).

## Articles of Additional Radio Regulations:

Application of the Telegraph and Telephone Regulations to Radio Communication; Charges.

X X X X X X X X X X

"WILLARD HOTEL" RESOLUTION REFERRED TO COMMITTEE

"The Willard Hotel Incident" resolution, introduced by Senator Couzens (Republican), of Michigan, was referred to the Senate Interstate Commerce Committee on March 26th by request of its author.

As the Federal Communications Commission already has released the file of evidence demanded by the resolution, it is presumed that the case is closed unless the Committee should decide that a Senate investigation is necessary. Senator Couzens, it is understood, does not intend to push the inquiry further.

X X X X X X X X X X

## MUSICIANS' UNIONS WIN PAY RAISES FROM NETWORKS

Pay increases and shorter working hours for organized musicians engaged in broadcasting for the three major networks are embodied in a new two-year agreement between the radio chains and the Musicians' Union, Local 802, Jacob Rosenberg, Secretary of the Union, announced March 26th in New York.

The National Broadcasting Company, the Columbia Broadcasting System and the Mutual Broadcasting System are the networks included in the new agreement, which is retroactive to March 4, when the existing contract expired.

Under the terms of the new agreement, musicians employed on commercial and sustaining programs who formerly worked thirty-three hours a week will now put in thirty hours with no loss of salary. Furthermore, they will work five out of eight consecutive hours instead of five out of ten a day. Musicians engaged in commercial and sustaining programs will be paid \$140 minimum, while those employed only on sustaining programs will receive \$100 on the basis of a thirty-hour six-day week.

Musicians who play commercial and sustaining engagements twenty-four hours a week are raised from \$100 to \$105 on a four out of eight hour basis. House musicians employed on the seventh day of the week under the new contract will receive \$30 for their services, outside men receiving \$25 for the extra day. House orchestra conductors will be paid one and three-fourths times the wage scale.

The agreement also provides that musicians employed four or more consecutive weeks by any of the broadcasting companies shall not be discharged without eight weeks' notice, instead of receiving the four weeks' notification.

Mr. Rosenberg said that for the first time an agreement had been made governing arrangers and copyists of music. It affects more than 800 such workers in this city (New York).

The new arrangement with the networks calls for weekly salaries of \$115 and \$100 for music arrangers and \$65 for copyists for a thirty-five-hour week.

X X X X X X X X

## DENIAL OF CAPE MAY APPLICATION RECOMMENDED

Examiner John P. Bramhall this week recommended to the Federal Communications Commission that the application of Alfred C. Matthews to build a new broadcasting station at Cape May, N.J., for operation on 1420 kc. with 100 watts power, specified hours, be denied. The Examiner stated that the applicant is not financially qualified to operate the station and that the area involved is already amply served.

X X X X X X X X

## FCC CHANGES MEETINGS SCHEDULE DURING PHONE PROBE

Because all members are sitting in on the American Telephone and Telegraph Company inquiry, the Federal Communications Commission has changed the schedule of its weekly division meetings. The new schedule follows:

Telephone Division meets at 2:30 P.M., Mondays; the Telegraph Division at 3:30 P.M., same day.

Broadcast Division meets at 10:30 A.M., Fridays; the full Commission meets at 2:30 P.M., same day.

X X X X X X X X X X

## NETWORKS' TIMES SALES GAIN IN FEBRUARY; CBS LEADS

The Columbia Broadcasting System led all other individual networks in time sales for February with a gross revenue of \$1,909,146. This represented a 15.4 per cent gain over billings for the same month in 1935 and an increase over January, 1936, when revenue totalled \$1,901,023.

The two NBC networks gained \$74,000 in business over January with a total of \$2,707,148, but fell 1.8 per cent under February, 1935. The NBC-WJZ network for the first time, however, passed the million dollar mark. The network gains become more significant when it is realized that in previous years, February sales have fallen below January because of seasonal trends.

The NBC-WEAF hookup grossed \$1,691,524 and the NBC-WJZ link \$1,015,624. Loss of the Palmolive Colgate business and the withdrawal of the National Biscuit Company's "Let's Dance" program accounted for NBC setback.

X X X X X X X X X

## JOHN BACHEM NAMED NBC SALES MANAGER

The appointment of John H. Bachem as NBC Eastern Division Sales Manager was announced March 24th by Roy C. Witmer, NBC Vice-President. Bachem succeeds Donald S. Shaw, who leaves NBC on April 1st to become Assistant to the President of McCann-Erickson, Inc., New York advertising agency.

The new sales executive came to NBC in 1932 after 14 years in the magazine field where his affiliations included The Butterick Company, Doubleday, Doran and Company and the International Magazine Company. He assumes his sales managerial duties immediately.

X X X X X X X X X



3/27/36

## COOPERATIVE SELLING OF RADIOS DISTURBING BELGIAN DEALERS

Retail distribution of radios through cooperative organizations is making headway in Belgium, a report to the Commerce Department from the American commercial attache at Brussels shows.

Within the past month, the report states, a new cooperative radio-distribution concern was formed with a capital of 1,000,000 francs (approximately \$180,000) to cover 19 communes in the populous Charleroi basin. Several small radio-distribution services have been functioning in Belgium, but the new organization is the largest which has yet appeared. The development of these cooperative radio distribution services, it is pointed out, is causing considerable concern among local radio dealers.

According to official statistics, there were 732,208 radio receiving sets in use in Belgium as of December 31, 1935, an increase of 63,701 as compared with June 30, 1935. Of the December total, 5,373 units represented crystal sets which is an increase of more than 1,000 units during the past year.

X X X X X X X X

## BBC AWAITS RADIO STATION FOR TIE-PIN

"In the old crystal-set days we were all familiar with the ingenious receivers which fitted inside matchboxes. Now, apparently, it is the turn of transmitters to reach the ultimate minimum. A waistcoat-pocket transmitter, designed primarily for program work in crowds and large assemblies in which the announcer must be able to move quickly to any given point, has been perfected by the Engineering Department of the National Broadcasting Company", said the British Broadcasting Corporation commenting on the miniature transmitter recently developed by the NBC. "Small as it is, the waistcoat-pocket transmitter leaves the radio engineer's dream yet unfulfilled. He is still looking for one which he can carry in his tie-pin."

X X X X X X X X

A television transmitter has been erected in Stockholm by a Swedish radio manufacturing firm. The transmitter, which is an experimental one, has been designed by 2 Swedish engineers, in collaboration with a German company. Its present power is 0.5 KW., and tests, consisting of the transmission of talkie films, have given satisfactory results.

X X X X X X X X

:::  
 ::: INDUSTRY NOTES :::  
 :::

The Fourth Annual Convention of the Institute of Radio Service Men and its accompanying Radio Trade Show was to open today, Friday, March 27th, at Chicago, for a three-day session.

-----

The Federal Communications Commission calls attention of all licensees to the fact that Rule 105.23 of the Practice and Procedure of the FCC, which supersedes Rule 24 of the Rules and Regulations, requires the licensee of a station to forward within three days after receipt of a notice of violation, a reply to the Commission at Washington and a copy to the office originating the complaint when that office is other than the FCC at Washington.

-----

Reports on radio markets in Palestine and Bolivia have been issued by the Bureau of Foreign and Domestic Commerce, Commerce Department, and may be obtained for 25 cents each.

-----

Misleading advertising of a cosmetic in newspapers, over the radio, and through other media, by Lur-Eye Products, Inc., 1501 Broadway, New York City, and W. R. Robinson Co., Kankakee, Ill., is prohibited by the Federal Trade Commission in an order to cease and desist, issued against those respondents.

X X X X X X X X X X

DAVIS NAMED N. Y. MANAGER FOR ABC

George Roesler, National Sales Manager of the Affiliated Broadcasting Company, has announced the appointment of David D. Davis, Jr., as Manager of the network's New York office, which is located in the Lincoln Building. Mr. Davis has been identified with advertising for several years, having been associated with The International Magazine Co., National Broadcasting Co., and Outdoor Advertising, Inc.

As Chicago sales representatives, the network has appointed Dr. George E. Halley, for many years on the sales staff of KMBC, Kansas City, and more recently with Free & Sleininger; and Calvin Austin, formerly a member of NBC's Chicago Sales Department. The ABC Detroit office in the New Center Building is managed by Earl Maxwell, who also represents the Roesler list of stations in that city. Bert Green, formerly with Edward Petry & Co., and with WIND, Chicago, will contact Chicago agencies and advertisers for the list of stations represented by Mr. Roesler independently of the network.

X X X X X X X X X