

HEINL RADIO BUSINESS LETTER

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March 31, 1936.

PRALL AND PAYNE FRIENDLY AS RENOMINATION IS ASSURED

For the first time in many months, Anning S. Prall, Chairman of the Federal Communications Commission, and George Henry Payne, Progressive Republican member and arch critic of the FCC in the past, are on speaking terms. It is reported they even appear friendly.

As an explanation of the sudden termination of a bitter inter-Commission feud, observers close to the Commission express the belief that President Roosevelt has taken a hand in bringing the Commissioners into harmony after all threatened opposition to Mr. Payne on Capitol Hill faded.

As a condition of his reappointment as Chairman of the Commission, Mr. Prall is understood to have been told by the President that he must maintain more cordial relations with his colleagues. The feud with Commissioner Payne was the outstanding example of disruption.

When it appeared that the Western Senators were perfectly willing to see Mr. Payne reappointed to the Commission when his present term expires June 30th, Chairman Prall is said to have changed his hostile attitude toward his fellow New Yorker into one of apparent cordiality. Commissioner Payne, to all appearances, responded in the same fashion. Observers are now wondering whether Mr. Payne will burst forth with any more of his scathing criticism of FCC policies and practices such as those made in several university addresses during the Fall and Winter.

The investigation of the American Telephone & Telegraph Company by the full Commission is also aiding in bringing the Commission into a more harmonious frame of mind. Because Paul A. Walker, Chairman of the Telephone Division, invited all of his colleagues to sit in on the inquiry, the Commission is for the first time in many months working with a singleness of purpose and in an atmosphere that can hardly do anything but reflect credit on them all from a public point of view and in the eyes of Congress.

The telephone inquiry actually was awarded to Mr. Walker in a game of buck-passing as some of his colleagues feared it was full of political dynamite. Commissioner Walker accepted the task confidently but insisted that he have a free hand in employing expert aides. When politicians sought to bring pressure upon him, he went to the White House and told the President that if the

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inquiry were to be conducted in a manner to reflect credit upon the administration, he must have able technical and legal assistants and not politically-minded job-holders.

Now that Mr. Walker appears to be making a success of the inquiry, the other FCC members are glad to be on the bandwagon and are presenting a united front against their critics. Unless some reversal occurs to discredit the Commission, it is probable that the Commissioners will emerge from the telephone inquiry in a more harmonious state than they have been since the FCC succeeded the Federal Radio Commission.

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CBS BUYS KNX FOR \$1,250,000; HEARST CHAIN GROWING

The Columbia Broadcasting System is awaiting approval by the Federal Communications Commission of its purchase of Station KNX, Los Angeles, for a reported price of \$1,250,000. The price is said to be the largest ever paid for a single station and will be paid in four yearly installments.

The deal, negotiated in New York City between William S. Paley, CBS President, and Guy C. Earl, Jr., President and principal owner of the Western Broadcast Company, is dependent upon both FCC approval and the renewal of KNX's license. Station KNX now holds only a temporary permit because of citations for questionable programs.

Station KNX will be substituted for KHJ as the Los Angeles outlet on January 1, 1937, it is said, if the deal is consummated. At that time the CBS contract with the Don Lee Network for the Los Angeles station and other Pacific Coast outlets will expire, and presumably will not be renewed.

Meanwhile, Hearst Radio, Inc., is continuing to expand its network-in-the-making. Arrangements have reputedly been concluded for the purchase of three more units of the Southwest Broadcasting System, as was expected. The stations are KTAT, Forth Worth, Texas; WACO, Waco, Texas, and KOMO, Oklahoma City.

Previously William Randolph Heart, with the aid of Elliott Roosevelt, now Vice-President of Hearst Radio, Inc., had acquired KTSA, San Antonio, and KNOW, Austin, from the Southwest Broadcasting System. All of the Hearst purchases are awaiting approval by the FCC.

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"WILLARD" BRIBERY CASE CLOSED BUT STING REMAINS

The shelving by Senator Couzens of his resolution to air the charges alleged to have been made that a member of the Federal Communications Commission, or the entire Commission, could be bribed, apparently ends that weird chapter. Not the least puzzling thing was that even after it had been dragged into the open, only one copy of the secret hearings was made available to the press - Commissioner Irvin Stewart's copy.

At that, the Commission had a lucky break for if the newspaper men had not been so occupied with the A. T. & T. hearings, and the papers so filled with flood news, the incident would have received plenty of publicity and might have caused as much of an uproar as the FCC seizure of lobby telegrams. Representative Connery, of Massachusetts, or other critics may still have something further to say about it.

Especially so since there are those at the Commission who are saying openly that the whole incident was the result of an ill-feeling between Anning S. Prall, Chairman of the Communications Commission and Commissioner E. O. Sykes, who was forced to surrender the FCC Chairmanship to Mr. Prall. They assert it was more than a coincidence that the son of Chairman Prall, who lives in New York, not only should have been in Washington at the exact time the charges were made, but at the same hotel and in an adjacent room to that occupied by the broadcasters. That the young man should continue his amateur detective role by trying to pass himself off under an assumed name on the train going back to New York in an apparent further effort to get something on Judge Sykes and Harry Butcher, Vice-President of Columbia, also has caused comment.

A significant aspect of the inquiry, soft-pedalled in both the FCC and the Justice Department reports, was that the second-hand version of the hotel conversation, as it came from Herbert Pettey, Secretary of the Commission, and Commissioner Prall differed from the first-hand testimony of Mortimer Prall. The difference was that the secondary witnesses mentioned the name of Judge Sykes, but young Prall didn't.

That there was more to the incident than the vaporings of a few inebrates in a hotel room is certain, but how much more only time or good healthy Congressional investigation may reveal. It is even possible that someone actually tried to dupe the broadcasters out of \$25,000 or \$50,000, with the claim that he could use Mr. Butcher to buy Judge Sykes or the entire Commission. If so, it is believed he would have used exactly the same tactics as a newspaper tipster who was once in the old Essex Market Police Court in New York City, who, through his newspaper connection, had the privilege of going into the enclosure and talking to the magistrate on the bench.

When some poor peddler would be haled into court for parking his pushcart in front of a fire hydrant, Louis, the tipster, would say to him: "You're in a tight place, but I know the Judge very well and for a dollar I'll speak to him and see if I can't get you out of this." If the pushcart vendor came through, Louis would pocket the dollar, go through the gate and talk to the Judge, with the peddler watching him intently.

"Good morning, Judge", Louis would say.

To which the Judge would reply, "Good morning, Louis!"

"Heavy docket this morning, Judge, have you any idea what time we'll adjourn?"

"I should say about 1:15 o'clock this afternoon."

"Thanks, Judge", Louis would reply.

Whereupon with a troubled look, he would go back to the peddler and say, "The Judge is very mad, but I think I got it fixed up all right."

R. D. H.

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RADIO MANUFACTURERS PREPARE FOR FTC HEARING APRIL 7

Radio set manufacturers are preparing for the hearing scheduled Monday, April 7th, before the Federal Trade Commission on the trade practice rules submitted by the Radio Manufacturers' Association. As the meeting may result in broad-scale regulation of radio industry practices, it is regarded as one of the most important hearings in the history of the radio manufacturing business.

Advertising phraseology as applied to "all-wave" sets will be the major point at issue. Ethical standards prohibiting commercial bribery, set counterfeiting, trademark piracy, misrepresentation of merchandise, and sale of equipment from which serial numbers or other identifying marks have been removed also will be considered.

The RMA, which is taking a leading role in the proposal, has called a meeting of its Directors on the day preceding the hearing. Its committee, which has been cooperating with the FTC since the move to set up trade practice rules for the radio industry began, comprises:

James M. Skinner, President of the Philadelphia Storage Battery Co., Chairman; Commander E. F. McDonald, Jr., President, Zenith Radio Corp.; James L. Schwank, Atwater Kent Mfg. Co.; George A. Scoville, Vice-President of Stromberg-Carlson Telephone Mfg. Co., and A. S. Wells, Wells-Gardner Corp.

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INTERNATIONAL UNION PLANS GREATER PROGRAM EXCHANGES

The Council of the International Broadcasting Union, which recently held its Winter meeting in Paris, decided to organize another international relay, similar to that of October last, labelled "Youth Sings Across the Frontiers", for presentation next December. According to a report of the meeting by the British Broadcasting Corporation. The Council also considered a number of proposals for the development of an international exchange of programs on a more regular basis.

M. Maurice Rambert, President of the Union, said that the number of radio listeners in Europe in 1935 increased by 16,000,000 as the receiving sets in use jumped from 23,560,000 to 27,650,000. The new Palestine Broadcasting Service was admitted to the Union as an active member, while that of the Vatican was given a special membership.

Delegates were present from 29 European national broadcasting organizations and from seven broadcasting organizations overseas.

The Winter meeting also included the first intercontinental meeting of broadcasters. This meeting, convened by the International Broadcasting Union for a study of the several problems created by the development of intercontinental broadcasting on short wavelengths, was attended by representatives of broadcasting activity in forty-three countries, including sixteen countries overseas. All the continents were represented, as well as the broadcasting service of the League of Nations. The Presidency General of the Conference was accepted by M. Georges Mandel. The direction of the work of the Conference was in the hands of M. Rambert, the President of the International Broadcasting Union, who had the assistance of three Vice-Presidents, one of which was Dr. C. B. Jolliffe, Chief Engineer of the Radio Corporation of America.

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CARNEGIE INSTITUTION TO EXPLORE RADIO IN STRATOSPHERE

With the granting of a special experimental license by the Federal Communications Commission, the Carnegie Institution of Washington, is preparing to explore the outer limits of the stratosphere in an attempt to learn new facts regarding radio frequencies and the effects of the 11-year sun spot cycle on broadcasting.

A station will be erected in Kensington, Md., just outside the National Capital, to transmit ultra-short signals into space at the fastest rate ever attempted. The signals will be transmitted at the rate of one every tenth of a second and will last only a thousandth of a second.

The experiments are to be under the direction of Dr. A. J. Fleming, Director of the Institute. The equipment to be used has been three years in the making. While the tests will be highly technical, they may well produce data that will eliminate much of the static and interference that disturbs reception from both long and short-wave broadcasting stations.

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SUPREME COURT INVALIDATES STATE BROADCASTING TAX

Broadcasters won a far-reaching victory on March 30th when the United States Supreme Court ruled that States cannot tax the business of radio broadcasting in holding unconstitutional the Washington State tax on gross receipts of broadcasters in its jurisdiction.

Washington State had levied a one per cent gross revenue tax on the Fishers Blend stations of Seattle, KOMO and KJR. The issue was of far more than local significance, however, and the Supreme Court decision will set a precedent that will prevent other States from following in Washington's footsteps.

The Supreme Court in an unanimous opinion held that broadcasting is interstate commerce and therefore under control of the Federal Government rather than the States.

The opinion, read by Justice Stone, said, in part:

"By its very nature broadcasting transcends State lines and is national in scope and importance - characteristics which bring it within the purpose and protection and subject to the control of the commerce clause."

As a similar tax has been levied in Missouri, broadcasters in that State expect relief as a result of the Supreme Court's ruling.

The issue involved in this case was not whether, because of the rebroadcasting of chain programs from outside the State, the radio station is a part of interstate commerce, but whether the broadcasting of programs originating within the State for local consumption is by the physical nature of radio transmission, interstate commerce simply because the radio waves cross the State line, with the result that radio advertising may sell products outside of Washington.

Another premise for this claim was that if, for all practical purposes, listeners outside of the State of Washington cannot hear the radio programs of KOMO and KJR, their receiving sets at least are affected by the "interference" of these stations in relation to others.

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Radio stations, if incorporated, are subject to the regular Federal taxes as are other corporations, but there is no original license fee or special tax levied prior to beginning operations.

Elmer W. Pratt, attorney for the National Association of Broadcasters, has been engaged in a study of the tax problems of the broadcasting industry, with a view to gathering information and legal precedents to clarify the taxing situation.

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LOWELL AND DUNMORE WIN ANOTHER ROUND ON PATENTS

Percival D. Lowell and Francis W. Dunmore, former Bureau of Standards technicians, on March 30th moved a step nearer to the fabulous fortune that would be theirs if the validity of their patents on electrically operated radio receivers were ever judicially established.

The United States Supreme Court ruled that the two inventors are entitled to a trial of the case in the United States District Court at Baltimore.

Lowell and Dunmore have been involved in litigation over their patents for more than a decade, and have several times appeared on the verge of collecting millions of dollars in damages from radio manufacturers only to see the fortune fade away in more involved litigation.

Back in 1921, when they were just struggling young scientists, the inventors evolved a device that would take the hum out of a radio receiver when raw alternating current was fed to it. Their invention eliminated expensive dry cells and unsatisfactory storage batteries and proved a boon to the radio industry.

Lowell at that time was earning \$1,980 a year, and Dunmore \$2,400 at the Bureau of Standards. Lowell also worked in a Washington bowling alley to supplement his income. Since then their lives have been occupied with a continuous round of litigation as they sought to collect damages from the radio manufacturers and at the same time defend their patents against other inventors who claimed to have developed the device.

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INDUSTRY NOTES

M. H. Aylesworth, former President of the National Broadcasting Company, will lecture this year at Bucknell University, Lewisburg, Pa., in a course on propaganda.

The Bureau of Foreign and Domestic Commerce has just issued a report on the radio market of the Irish Free State. Copies may be obtained for 25 cents from the Department of Commerce.

The United States had its first radiotelegraph contact with the British superliner "Queen Mary" during her trial trip down the Clyde River March 25th when messages from the ship were received at the station of the Mackay Radio and Telegraph Company at Southampton, L. I. This marine radio installation on the "Queen Mary" is the largest made to date. The apparatus complete, both for radiotelephone and radiotelegraph communication with the United States and Europe throughout voyages was supplied by the International Marine Radio Company of London, an associated company of the International Telephone and Telegraph Corporation.

Theodore C. Streibert was appointed Vice-President of Station WOR at a meeting of the Board of Directors, Alfred J. McCosker, President, stated March 27th. Mr. Streibert was also recently elected First Vice-President of the Mutual Broadcasting System, of which WOR is the New York key station, and was reelected to the Mutual Board of Directors.

Since 1933, the young executive has been assistant to Mr. McCosker and on June 20, 1935, was elected a member of the station's Board of Directors. Before entering radio, he had a distinguished career in business, and from 1929 to 1933 was Assistant Dean of Harvard Business School.

Tasmania, large island State of Australia, 180 miles south of the mainland, was connected by telephone with the rest of the world March 25th for the first time through the inauguration of a submarine telephone cable to Australia. The cable is one of the longest submarine telephone cables in the world and has six telephone circuits, numerous telegraph channels and a special circuit for radio broadcasting. Companies associated with the International Telephone and Telegraph Corporation in England and Australia were involved in its manufacture and installation.

The Committee on Organization and Technical Matters and on Broadcasting Questions (A and D, respectively), preparing for the fourth meeting of the C.C.I.R. will meet in Room 1413 of the FCC offices, new Post Office Building, on April 3rd at 9:30 A.M. and 2 P.M., respectively.

Former Senator Clarence C. Dill, widely known in radio circles, on March 30th filed suit for divorce against the erst-while Mrs. Rosalie Jones, advocate of women's rights and heiress, at Spokane, Wash.

Senator Austin (Re.), of Vermont, on March 30th placed in the appendix of the Congressional Record an unidentified analysis of the Farm and Home Hour on NBC for 1935. The conclusion of the report was that "the bulk of the time was allowed for propaganda purposes to representatives of the government."

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R. C. PATTERSON, JR., QUILTS AS NBC VICE-PRESIDENT

Confirming reports of several weeks past, Richard C. Patterson, Jr., resigned as Executive Vice-President and Director of the National Broadcasting Company on March 20th. His immediate plans were not revealed, but an announcement is expected within a few days.

Rumors that Mr. Patterson, a former Commissioner of Correction of New York City, would quit NBC started shortly after Major Lenox Lohr became President of the network. Mr. Patterson had been in line to succeed Merlin H. Aylesworth as NBC head.

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CBS ISSUES SECOND EDITION OF "TALKS" ON NETWORK

The Columbia Broadcasting System this week issued the second number of Talks, a quarterly digest of addresses broadcast over the CBS network. About the size of the Readers' Digest, the CBS publication follows the general plan of the British Broadcasting Corporation, which edits a similar magazine. Talks is distributed widely free of charge.

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SPEARMAN'S TELEGRAM OPINION COMES HOME TO ROOST

Submission of a voluminous report on the part the Federal Communications Commission played in seizing telegrams and radiograms during the Senate Lobby Committee's probe has not quieted the criticism directed at the FCC.

The New York Times unearthed the record to show that the FCC twice within the past year refused to make available to executive agencies of the Government, telegrams and telephone records. It published a letter sent by the Commission to Attorney General Cummings on April 18, 1935, with an opinion by Paul D. P. Spearman, then FCC General Counsel, that private telegrams and telephone records are inviolate.

The Justice Department had requested aid in checking telephone records in St. Paul to facilitate the catching of criminals.

The question uppermost in the minds of political observers seems to be who will be made the goat in an affair that promises to be a 1936 campaign issue: the Senate Lobby Committee or the FCC?

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NEW STATIONS IN NEW YORK AND ALASKA RECOMMENDED

Examiners this week recommended to the Federal Communications Commission that construction permits be granted to erect new broadcasting stations in New York State and Alaska.

Examiner Dalberg proposed that a permit be granted to the Watertown Broadcasting Corp., of Watertown, N. Y., for operation on 1270 kc. with 250 watts power, daytime. He recommended denial of an application for the same channel by A. W. Hayes, of Erie, Pa.

Fairbanks, Alaska, would get its first radio station if the recommendation of Examiner Hill is accepted by the FCC. He proposed that John A. Stump be given a permit to erect a station for operation on 1210 kc. with 100 watts power, unlimited time and that an application by Edwin A. Kraft, of Fairbanks, be denied.

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INFRINGEMENT SUITS FILED AGAINST 21 MORE STATIONS

Five Warner Bros. music publishing firms, Harms, Inc., M. Witmark & Sons, Remick Music Corp., T. B. Harms Co., and New World Music Corp., have filed 40 additional suits against radio stations, restaurants, night clubs and hotels through Wattenberg & Wattenberg, their New York law firm, and correspondent attorneys. Twenty-one of the actions filed are against radio stations, the remaining 19 being directed against night clubs and hotels.

Stations named as defendants are:

WOOA WBIG WGBB WIBA KGU WIXBS (2 suits) WSMB WGST
WOWO KTFI KPO KOA KTAR WDAY KEYR KSOO WCHS.

APPLICATIONS GRANTED BY FCC BROADCAST DIVISION

March 27 - WHA, University of Wisconsin, Madison, Wis., CP to make changes in equipment, increase power from $2\frac{1}{2}$ KW daytime to 5 KW daytime; WHN, Marcus Loew Booking Agency, New York City, license to cover CP authorizing changes in equipment and increase in day power to 5 KW, 1010 kc., 1 KW night, unlimited time; also granted license to use old 1 KW transmitter as an auxiliary, and granted authority to determine operating power by direct measurement of antenna; WDZ, WDZ Broadcasting Co., Tuscola, Ill., license to cover CP authorizing changes in equipment, change in frequency to 1020 kc. and removal of transmitter site locally, increase in day power to 250 watts; WFAM, The South Bend Tribune, South Bend, Ind., modification of license to change hours of operation from sharing with WWAE to unlimited day and sharing at night with WWAE; WWAE, Hammond-Calumet Broadcasting Corp., Hammond, Ind., The Commission on its own motion, reconsidered its action of March 17, 1936, in designating for hearing application for modification of license to change hours of operation from S-WFAM to unlimited day to LS, S-WFAM night, and granted same.

Also, WFBC, Greenville News-Piedmont Co., Greenville, S. C., license to cover CP authorizing installation of new equipment and increase in day power from 1 to 5 KW, unlt'd. time, 1 KW night, 1300 kc.; WTAQ, WHBY, Inc., Green Bay, Wis., license to cover CP covering move of transmitter from Eau Claire to De Pere, Wis., and studio location to Green Bay, install new eqpt., change hours of operation from sharing KSCJ night to unlt'd. and installation of directional antenna for nighttime operation; 1330 kc., 1 KW night, 1 KW day, unlt'd. time; WFBC authority to determine operating power by direct measurement of antenna.

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