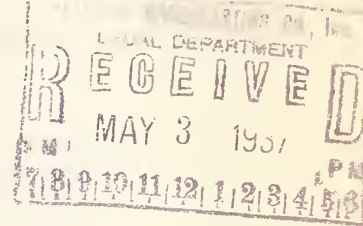


# HEINL RADIO BUSINESS LETTER

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## IOWAN NAMED FCC SECRETARY IN SUPREME COURT TRADE

The appointment of Thomas J. Slowie, of Iowa, a congressional secretary, as Secretary of the Federal Communications Commission late this week took the broadcasting industry and government officials by surprise as his name had not been mentioned previously.

It was learned on reliable authority that the appointment was made at the personal direction of President Roosevelt, over the recommendation of another man by James A. Farley, in a trade with the Iowa Congressional delegation for support of the Supreme Court reform proposal.

Robert L. Berger, Radio Director of the Democratic National Committee, had been slated for the job up until the last minute as a reward for his work during the presidential campaign. The Commission was preparing to announce his appointment, when James Roosevelt, son of the President, advised that it be held up.

Anning S. Prall, Chairman of the FCC, is understood to have called at the White House upon receiving the telephone call from James Roosevelt. He complained that the Berger candidacy had gone too far to withdraw it, and he reminded young Roosevelt that Farley had picked Berger.

The Chairman of the Democratic National Committee was out of the city at the time campaigning for the Supreme Court change, but the White House got in touch with him and apparently convinced him that Slowie must have the job.

Mr. Slowie is about 41 years old and has been in Washington for the last seven years as secretary first to the late Representative Jacobsen (D.), of Iowa, and this year to Mr. Jacobsen's son, who succeeded his father in office.

A former city auditor and city clerk at Clinton, Ia., his home, Mr. Slowie has had no previous experience in either the administration or business side of broadcasting. He said that his only previous connections with radio have been in making political addresses over the air.

He is a World War veteran and was one time assistant to the president of the Guaranty Life Insurance Co., of Iowa. He has a wife and two children.

The office of FCC Secretary, which pays \$7,500 a year, is a political plum that has been dangled before aspiring young Democrats for the last year. It has been vacant since the resignation of Herbert Pettey, now an official of WHN, New York, but the duties have been performed by John B. Reynolds, an Assistant Secretary, who is a Republican.

Mr. Slowie was expecting to take office tomorrow (Saturday, May 1st).

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IF RUMORS TRUE, FCC MOST CORRUPT BODY, WRITER CHARGES

Charging that the rumors about the Federal Communications Commission which swirl about Washington these days are so numerous and so libelous that he will not deal with them "beyond noting that if even half of them are true, the Commission is one of the most corrupt Federal agencies in history", Paul W. Ward takes the FCC for a rough ride in the April 24th issue of the Nation.

"The Roosevelt Administration is out to head off the Congressional investigation of broadcasting because it will be impossible to investigate the radio industry without investigating the Federal Communications Commission, which is supposed to regulate it, and the Administration does not want the smells emanating from that New Deal agency traced to their source", he goes on to say.

Congress owes both itself and the public an investigation such as Congressman Connery proposes, Mr. Ward, who is a member of the Baltimore Sun staff in Washington, continues, "because of the FCC's complete and insolent disregard of its instructions from Congress as written into the law governing its operations with respect to broadcasting. It owes it to the public because such an investigation will show that the FCC has steadily and lawlessly been frittering away the public's 'last great source', as that remarkable person, Commissioner George Henry Payne, has dubbed the air. It owes it to the public especially because, as another Commissioner, Irvin Stewart, recently said, 'the person who has the largest stake in American broadcasting is the listener.'

"Far from obeying its orders, the Commission has set itself up as the guardian angel and aid of those who are exploiting the last great resource in much the same fashion that our water, timber, land, oil, and mineral resources have been exploited and despoiled. It has functioned chiefly to smooth out competition in the industry. Without the FCC policing of the air waves to keep the various stations from

raiding each other's territories and frequencies, the industry would be in chaos, but for this policing, which costs the taxpayers \$1,500,000 a year, the industry pays nothing. Nor does it pay for broadcasting licenses, of which there are 696 outstanding covering the ninety channels or frequencies available to broadcasters.

"The radio industry represents an investment of only \$40,000,000 at the outside, its 1936 gross was \$107,550,000 and is expected to reach \$135,000,000 this year. The significance of these startling profit indicators will be brought home with devastating force when, as must happen, Congress declares the radio industry a public utility and subjects its rates to regulation.

"Licensed stations are being bought and sold for ten and twenty times the value of their physical assets, which would be only so much junk without a frequency on which to employ them. Columbia last year, for example, paid \$1,250,000 for a California station, and by any system of reckoning at least \$1,000,000 out of that price was for the frequency on which the station had a license. Similarly, under a new practice, stations are being leased for periods ranging from one to fifteen years at annual rentals nearly equal to the cost of the station itself.

"Worse still, stock-jobbing is going on; station securities are being sold to the public at prices which recover for the promoters their full investment in the station and still leave them in control of it, and the asset which the investors get for their money is an interest in a license which is good for only six months and, so Congress has ruled, can never be construed as representing ownership of anything. All these transfers, leases, and assignments have to be and are approved by the FCC, which doesn't believe Congress meant what it said any more than do the radio barons."

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#### FTC ISSUES ORDER AGAINST RADIO MANUFACTURERS

An order to cease and desist from using unfair methods of competition, in violation of Section 5 of the Federal Trade Commission Act, has been entered by that Commission against a group of manufacturers of and dealers in radio sets and radio parts. The order also is directed against two companies manufacturing and selling escutcheons and name plates for use on radio products.

The order prohibits the respondents from using as marks or brands on their products certain well-known and long established names of other manufacturers and dealers in the radio and like industries without consent of the lawful owners of such names.

According to findings in the case, among the names, brands and symbols adopted and used by the respondents, without authority from the owners, are Marconi, Edison, Bell, Victor, Majestic and Brunswick, and the letters P.C.A. and G.E., standing alone or with other words, or colorable imitations or simulations thereof.

Metal Etching Corporation, 1001 Essex St., Brooklyn, and its President, M. Hermann, and Crowe Nameplate and Manufacturing Co., 1749 Grace St., Chicago, and its officers, E. C. Coolidge and I. Robinson Smith, are ordered to discontinue selling or distributing escutcheons and name plates, bearing the trade-marks and names in question, to manufacturers, assemblers or dealers in radio products, except to the owners of such trade names or marks, or to the licensees of the owners.

The order further directs that the respondent manufacturers and dealers cease representing, directly or indirectly, through use of trade names or marks of which they are not the owners, and without the permission of the lawful owners, that their radio products are those manufactured, sold, endorsed or licensed by the late Thomas A. Edison, Thomas A. Edison, Inc., American Telephone & Telegraph Co., Western Electric Co., Marconi Wireless Telegraph Company of America, Radio Corporation of America, Victor Talking Machine Co., Brunswick-Balke-Collender Co., Warner Brothers Pictures, Inc., and its subsidiary, Brunswick Radio Corporation, Grigsby-Grunow Co., Majestic Radio and Television Corporation, and General Electric Co.

The respondent manufacturers and dealers who are ordered to cease and desist from unfair methods of competition, together with their officers or agents, are: King Trading Corporation, 51 Vesey St., New York, and Royal Radio Co., Inc., 168 Washington St., New York, and A. M. Frank, David Morrison and Murray Auerbach; Harvard Radio Tube Testing Stations of Pennsylvania, Inc., 208 North Broad St., Philadelphia, and Jules M. Schoenberg; Ross Distributing Co., 2020 Chancellor St., Philadelphia, and Larry B. Foss; Sun Radio & Service Supply Corporation, 938 F St., Washington, and Emanuel Rosenweig; Schiller Bros., Inc., 922 F St., Washington, and Louis S. Schiller; Peter Robbins, trading as Robbins Radio Co., and as Ambassador Radio Co., 940 F St., Washington, and F. C. Scruggs, trading as Call Radio Co., 636 H St., N.E., Washington.

The complaint in this case was dismissed as to the following respondent companies and their officers for the reason that there was no evidence to establish the allegations made against them: Etched Products Corporation, 3901 Queens Boulevard, Long Island City, N. Y., and Albert Nierenberg and Walter H. Miller; Electro Chemical & Engraving Co., 1100 Brook Ave., New York, and F. E. Switzer, N. L. Jacobus, Robert Schlesinger, Julius Erodes and L. S. Southwick; Premier Metal Etching Co., 2103- 44th Ave., Long Island City, N. Y., and

Herbert Pape, Karl D. Johnson, Ernest A. Rottach, and Hugo Lehrfeld; American Emblem Co., 22 East 40th St., New York, and Paul B. Williams, Clarence S. C. Williams, James Eels, Fred B. King and Edgar Denton, Jr.

The case was closed without prejudice as to the following respondents: Metro Manufacturing Co., Inc., Metro Radio Corporation, Metro Sales Co., Inc., Pyramid Distributors, Inc., and Regina Gadol, George Levine and Max Scafford.

Findings are that all of the respondents, except those against whom the complaint was dismissed or the case closed without prejudice, have cooperated among themselves and with one another and are engaged in a scheme to deceive the public and to compete unfairly with other manufacturers and dealers in radio products.

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#### EXAMINER DISAPPROVES STATION TRANSFER TO CBS

Congressional complaints against "trafficking" in station licenses and "radio monopolies" this week had a repercussion in a report made to the Federal Communications Commission by one of its Examiners, R. H. Hyde.

Examiner Hyde recommended that the application of KSFO, San Francisco, for authority to assign its license to the Columbia Broadcasting System be denied. He based his recommendation on conclusions that the proposed \$25,000 a year rent was based on the value of the license rather than station equipment.

It was Columbia that paid the record price of \$1,250,000 for Station KNX, Los Angeles, about a year ago.

KFSO operates on 560 kc. with 1 KW power, unlimited time. CBS sought it as one of its West Coast outlets to supplant stations formerly operated by the Don Lee System in cooperation with the national network.

The terms of the contract, which the Examiner said should be disapproved, provide for the least of KSFO by CBS until January 1, 1942, with options for two extensions of five years each. Rent would be paid at the rate of \$25,000 a year, plus an amount equal to one-seventh of the gross income of the station in excess of \$175,000.

"General provisions of the agreement provide", the report states, "that the lessor may install new equipment, changing the location of the transmitter to any point within the San Francisco area, such new equipment to become the property of the lessor; that the parties shall promptly cooperate,

at the expense of the lessee, in filing and prosecuting before the Commission an application to install a 5 KW transmitter, to be constructed by the lessee, the lessee agreeing to pay certain additional rent (an amount equal to one-seventh of the gross annual income in excess of \$150,000) in the event the project to install such new equipment is not completed; that one-half hour of station time daily shall be reserved by the lessor, free of charge, but subject to cancellation upon thirty days' notice and payment of an additional \$5,000 rent per year; that Station KSFO shall be maintained as a regular transcontinental network outlet of the Columbia System; and that the lessor shall not sell or lease the KSFO property, or contract to sell or lease the property to any other party without first granting the lessee an option to renew the lease upon the same conditions and terms offered by any third party, or to purchase the same upon the same terms available upon any bona fide offer of any third party, or for whichever is found to be the greater amount - \$225,000 or the amount that may be determined by means of a formula employing station earnings over certain stated periods as a basis for calculation."

Regarding the station's value, the Examiner said:

"Inventories of all equipment, including antenna system, transmitting apparatus, and studio equipment, show original cost as \$35,224.26, and the present cost of equivalent equipment as \$38,865.09. Depreciated value according to the strange method of computation employed, is \$30,131.96, determined by subtraction of depreciation in the amount of \$8,733.13 from (\$38,865.09) the estimated present cost of equivalent equipment.

"Net profit for the period January 1, to June 30, 1936, shown in the profit and loss statement filed herein, is \$867.65, but during the period of this report more than \$22,000 was paid out in salaries and commissions which should probably be considered in any attempt to make a study of station earnings. The owner of the capital stock of the licensee corporation drew \$1,000 a month from the station during the period of the statement submitted."

CBS officials predicted, however, that they could step up the earnings of KFSO.

"The Columbia interests expect that when and if the station broadcasts Columbia programs, it will attract a good audience and be in demand by advertisers", Mr. Hyde said. "Then with an increase in basic rates from \$150.00 an hour to \$325.00 the station is expected to have a gross revenue of \$280,000.00. Expenses, including rent and depreciation on a new transmitter, are estimated at \$250,000.00, leaving an estimated net income of \$30,000.00 per year. While these figures are merely estimates, they are said to be based upon the experience of the Columbia System in operating stations under similar conditions."

In justifying his recommendation that the FCC not approve the station-network deal, Examiner Hyde said:

"Examination of the contract, consideration of the evidence regarding the properties proposed to be leased and then immediately replaced for the most part by the lessee, and examination of the business of the station, likewise proposed to be leased and then replaced for the most part, indicates that the chief consideration for the 'rental' agreed upon is the use or opportunity to use the operating assignment of Station KSFO, subject to the approval of the Commission. The sums proposed to be paid for this privilege and the other conditions of the so-called lease are matters determined by agreement between the applicants, with notice of, and of course subject to, any laws applicable thereto. Nothing in the contract, in the absence of some affirmative action by the Commission, could possibly change the terms of the station license, which, it may be noted, runs for only a fraction of the time period covered in the contract; no rights to the operating assignment in question or any of the privileges for which a license is required by the Communications Act of 1934 could be established against the regulatory power of the Commission by any agreement between these parties or by any payments which one may make to the other as consideration to stand aside or vacate an operating assignment in favor of the second party. But the terms, including payments proposed to be made in a transaction of this character, are nevertheless considered material to the question as to whether or not approval of a transfer of license would be in the public interest.

"The payments proposed to be made in this case by the assignee do not appear to be out of line with the usefulness and value the KSFO operating assignment would have to the assignee. On the other hand, it is obvious that the assignor is requiring payments in amounts which can be explained only by the fact that it has a license from the government giving it exclusive privileges as to the use of the operating assignment desired by the assignee. This use of the privileges granted in the station license does not appear consistent with the condition imposed by law and included in each license; that the licensee use the privileges conferred to the full extent thereof to serve the public interest.

"It appears that the acquisition of control of Station KSFO by the assignee would result in improvements to the service of the station in the technical quality of its broadcasts and with respect to the quality of the programs provided for the interest of the public. Also, it is apparent that the acquisition of control of Station KSFO by the assignee would contribute to the further development and maintenance of the national network broadcast system represented by the assignee, and be advantageous to the promotion of the interests of that system. But it does not appear from anything in the evidence regarding this particular system, or regarding the requirements of network broadcasting, that there is any necessity for the acquisition of control of this station by the same interests now controlling a number of other stations.

"The applicants have not shown that the granting of the application would serve the public interest, convenience or necessity."

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## SPREAD OF 5-DAY WEEK SEEN AS NBC CAPITULATES

General adoption of the 5-day week in the broadcasting industry was forecast this week when the National Broadcasting Company announced that all its announcers, production, and sound effect men will be placed on a 5-day week as soon as satisfactory schedules can be worked out and additional personnel trained.

"Because of irregular hours which production men, announcers, and sound effects men are frequently called upon to put in in the course of their duties", Lenox Lohr, President of NBC said, "we feel that the benefit to be derived from two full days of relaxation a week will immeasurably increase the efficiency of these men, and through them the efficiency of the National Broadcasting Company in its service to the public and its clients."

Meanwhile, negotiations were under way for wage and hour concessions between the "American Guild of Announcers and Producers" and a bargaining committee from the Columbia Broadcasting System. An early agreement was forecast.

Station WNEW, Newark, announced that on August 1st all of its technical staff will go on a 5-day week, and New York stations were reported to be considering similar moves.

Directors of WOR late this week announced through Alfred J. McCosker, its President, the adoption of a 40-hour week for its entire personnel. The new hours of operation will become effective just as soon as the necessary schedules can be arranged and additional personnel trained, Mr. McCosker said.

In making the announcement, Mr. McCosker also made it known that the station has an agreement with the Association of Technical Employees of WOR, representing its engineering staff, which runs until March, 1938. The decision of the Board of Directors to adopt a 40-hour week voluntarily reduces the 48-hour clause in this agreement to 40 hours.

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The U. S. Department of the Interior, Office of Education, this week announced that the time of the educational radio series, "The World Is Yours", will be shifted from Sundays at 11:30 a.m., EST, to Sundays from 4:30 to 5:00 p.m. EDST, beginning May 2nd. The time change was made, according to the announcement, so other stations could be added to those on the Red Network of the National Broadcasting Company which now carry the series. It is estimated that several million persons listen to the program each week, but the time change is expected to increase the listening audience appreciably. During the past several months nearly 150,000 persons have written the Office of Education about the series.

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## I.T.T. FILLS ORDER FOR NEW ROME S-W STATION

The International Telephone and Telegraph Corporation disclosed this week that an order for the world's largest short-wave broadcaster to be erected at Rome has been placed by the Italian Broadcasting Company with the Electrical Apparatus Company of Milan, Italy, an affiliate and licensee company. This new broadcasting station will radiate power of 100 KW, and is the highest powered short-wave broadcaster yet projected for commercial operation. By means of special directive antennae, it will give reliable short-wave broadcasting service to all parts of the world.

The station will be installed in Rome and will go into service in 1938. It will be one of the most efficient and, therefore, most economical stations in the world to work because, in addition to using final stage class "B" modulation, new and special circuits for the power amplifiers give it a much higher efficiency than ever before obtained by a short wave transmitter.

In order to meet changing atmospheric conditions the wavelengths need to be changed from time to time, and facilities are provided for these changes to be made in a few minutes. This can be accomplished because the circuits for the high power stages are built on a rotating turntable.

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## RMA MAPS PROGRAM FOR CHICAGO MEETING JUNE 8-9

The program of the Annual Convention of the Radio Manufacturers' Association was released this week in Washington by Bond Geddes, Executive Vice-President. The meeting will be in Chicago June 8-9 and will be followed immediately by the National Parts Trade Show June 10-13. Both will be at the Stevens Hotel.

The annual radio industry banquet, another "FMA cabaret" dinner for Association membership and guests, will be the big social event, on Wednesday evening, June 9. The two days of the FMA annual convention will be packed with important business meetings. The program is being arranged by President Leslie F. Muter of the RMA and the Convention Committee headed by A. S. Wells, of Chicago, Chairman, and Paul V. Galvin, Peter L. Jensen and James S. Knowlson.

Sales promotion, national and in export trade, together with important discussions of merchandising, employment, and other important problems, will feature the FMA convention. There will be many RMA committee meetings and also annual sessions of all four RMA Divisions. Elections of a President, Directors and other officers of the Association will be held during the convention.

A large luncheon meeting Tuesday, June 8, combining the annual business meeting of RMA members, is a new and interesting feature of the RMA convention program. Official RMA delegates, alternates and guests will be tendered a complimentary luncheon by President Muter and Directors of the Association. At the conclusion of the luncheon the annual business meeting of the RMA membership will be held and reports received from President Muter, Treasurer Fred D. Williams, and others. Annual meetings of RMA group Divisions also will follow the luncheon.

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### RADIO HAD ORIGIN IN PROFESSOR'S BRAIN, SAYS SARNOFF

Radio had its origin in the purely theoretical reasoning of a college professor, James Clark Maxwell, who in 1865 advanced arguments for the existence of electromagnetic waves, according to David Sarnoff, President of the Radio Corporation of America.

Mr. Sarnoff spoke on Friday before the American Physical Society on "Science and Society" in Washington. Paying tribute to the work of the great scientists of the 19th century, whose theories and research in the realm of pure science hastened the industrial age, Mr. Sarnoff warned:

"It is too optimistic to assume that the mere translation of a scientific discovery into a usable commodity or instrument always advances civilization; that just because humanity can travel faster, communicate more freely, cook, wash, iron, and gather ice cubes with less effort than ever before, it has reached the all-time peak of civilization. Giving a man a hoe or a microscope does not make him a farmer or a scientist, and giving him a radio or an automobile does not make him civilized."

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### NEW STATION GRANTED BY FCC; ANOTHER RECOMMENDED

The Federal Communications Commission this week granted a construction permit for a new broadcasting station at Wilson, N. C., while one of its Examiners recommended the granting of a station for Rice Lake, Wis.

The Wilson applicants are H. W. Wilson and Ben Farmer. The station will operate on 1310 kc. with 100 watts, daytime, after June 1st.

Examiner John P. Bramhall recommended that Walter H. McGenty, of Rice Lake, be granted a permit to build and operate a station on 1210 kc. with 250 watts power, daytime.

The same Examiner filed a favorable report on the application of KLM, of Minot, N. D., for permission to shift its frequency from 1240 to 1360 kc. and increase its power from 250 watts to 500 watts nighttime and 1 KW daytime and increase its operating time from sharing to unlimited.

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:::: TRADE NOTES ::::

Six papers on television will be presented by members of RCA Manufacturing Co. at the convention of the Institute of Radio Engineers, May 10-12, in the Hotel Pennsylvania. Among those who will present discussions, jointly or singly, are V. K. Zworykin, W. H. Painter, R. P. Law, C. E. Burnett, H. Iams, P. B. Janes W. H. Hickok, A. Rose, G. A. Morton and L. E. Flory.

Effective May 15, Timothy S. Goodman will relinquish his duties as manager of WKRC, Columbia owned and operated station in Cincinnati. He will be succeeded by John McCormick, who has heretofore been assistant manager. Mr. McCormick, who joined the staff of WKRC in September, 1934, was formerly Program Manager of WINS, New York.

WHK, oldest broadcasting station in Cleveland, Ohio, will join the National Broadcasting Company as a member of the NBC Basic Blue Network early this Fall. The station will replace WGAR. Owned by the Radio Air Service Corporation, an affiliate of the Cleveland Plain Dealer and the Cleveland News, WHK operates full time on a regional channel frequency of 1390 kc. with daytime power of 2500 watts and nighttime power of 1000 watts.

Germania Tea Co., Minneapolis, and Consolidated Drug Trade Products, Inc., 544 South Wells St., Chicago, are named respondents in a complaint issued by the Federal Trade Commission alleging unfair competition in the sale of Germania Herb Tea and Germania Orange Pekoe Tea. In advertising matter, on labels and over the radio, the respondent companies allegedly represent that the two products, when used in connection with a designated reducing diet, have a substantial therapeutic value in the treatment of obesity.

WJTN, Jamestown, N. Y., will join NBC as an optional outlet available to the Basic Blue Network on May 15. The addition will boost the number of NBC affiliated stations to 126.

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