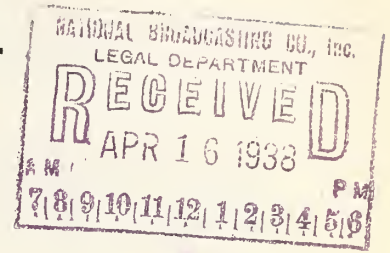


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FCC ACTION AND EXCESS VALUES HIT BY EXAMINER

The Federal Communications Commission came in for implied criticism and "trafficking in licenses" for a direct attack this week in an otherwise unimportant report by Examiner P. W. Seward on an application for authority to sell a station.

The applicant, J. Laurence Martin, sought to sell Station KRAQ, Sante Fe, New Mexico, to I. E. Lambert for \$14,000 or \$1,000 less than he paid for the station two years ago. The Examiner held that the inclusion of \$5,500 as "going concern value" was improper and could not be sanctioned by the FCC without violating Section 301 of the Communications Act.

Yet the Examiner noted that the Commission had approved the previous sale of the station for \$15,000 without holding a hearing and the present owner insisted that he paid \$5,000 for going concern value when he bought the radio outlet. The original cost of all equipment is \$6,594.28, which Examiner Seward said "is considered the going value of this station in successful operation."

Citing the language of the Communications Act and various court decisions supporting his opinion, Examiner Seward said:

"It would be a direct violation of the law to allow - in addition to the value of the properties as a business in operation - 'going concern value' as a separate item to be read into a balance sheet in an attempt to enhance the sale value of the station. To do so would permit the licensee to sell his right to use the frequency assigned by the license, or receive money for divesting himself of the license.

"The Congress established this Commission as a governmental agency to administer the Communications Act and to enforce provisions thereof. Whenever a licensee attempts to sell his radio station and transfer the license held by him for any amount of money in excess of the value of his station as a going concern, it appears necessary, under the Act, for this Commission to ascertain for what purpose this excess is being paid, and if it appears that such excess is being paid because the licensee is transferring his license to the purchaser of his station, or for any other purpose in violation of the Act, it becomes the duty of this Commission to prohibit such by refusing to give its consent in writing to the transfer.

"It is elementary that a business man does not ordinarily pay any amount of money unless he receives something in return therefor, and if the original cost and present value of the radio station here involved, exclusive of the item of \$5,000 claimed as additional going concern value, is but \$7,194.28, then for what purpose is the additional \$6,805.72 being paid, if it be not as consideration for the transfer of the license from the Assignor to the Assignee. It appears futile to argue that this sum of money is being paid for any other purpose than the transfer of the license, which amounts to a trading and trafficking in radio frequencies, which is prohibited by the law.

"The fact that this Commission approved the sale of this station at some time in the past for \$15,000 is not controlling or even persuasive as fixing the value of the station or that this application should be granted, as each must be determined upon the facts adduced in connection therewith."

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NBC HIT IN HOUSE FOR SAITO "PANAY" BROADCAST

An exchange of correspondence between Representative Phillips (D.), of Connecticut, and Frank M. Russell, Vice-President of the National Broadcasting Company in Washington, relative to the broadcast of a talk on the "Panay" bombing by Japanese Ambassador Saito, was inserted in the Congressional Record April 13th by Congressman Phillips.

"Mr. Speaker, this correspondence calls attention to a very serious situation", Representative Phillips said. "Shortly after the sinking of the 'Panay' the Japanese Ambassador addressed the people of the United States over the radio appealing, as it were, to the people of the United States over the heads, so to speak, of the President and the Secretary of State, and without that radio system getting in contact with either the President or the Secretary of State and getting permission for such broadcast.

"I think this is an outrageous situation which certainly would not be allowed in any European country, as affecting the Department of State there and one that I do not think should be allowed here. I believe you will agree that any radio station before permitting a foreign ambassador to address the people of the United States over the heads, as it were, of the Secretary of State and the President, should first have permission so to do from those high officials of the United States. I call the attention of the Members of the House to this correspondence of mine with an official of the National Broadcasting Co., bringing out these facts, which I think you will agree are reprehensible."

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FCC APPROVES ROOSEVELT DEAL AT LARGE PROFIT

The Federal Communications Commission this week approved the purchase of Station KFJZ, Fort Worth, Texas, by Mrs. Ruth Googins Roosevelt, wife of Elliott Roosevelt, second son of the President, and Manager of Hearst Radio, Inc., for \$57,000.

While the FCC in its statement of facts and grounds for decision does not set forth clearly what it considers the present value of the station, its figures on investments indicate that Mrs. Roosevelt is paying a substantial amount for goodwill or "going concern value" despite the provisions of the Communications Act.

The balance sheet of the Forth Worth Broadcasters, Inc., former owner of the station, as of May 31, 1937, just before the Roosevelt offer was made, showed total assets of \$46,845.49 and total liabilities of \$12,863.69, the report states.

Among the assets listed is \$8,623.03 as money invested by R. S. Bishop, President and Treasurer, "in building the station from a new to a going concern" and \$13,397.60 "representing the estimated value of contracts which have been procured for the sale of time."

Bishop paid \$31,500 for his stock in 1932 and since paid an additional \$11,761 into the corporation's operating capital.

An inventory of the station property shows that the studio and technical equipment originally cost a total of \$12,219.86, has a total depreciated value of \$8,263.03 and a total replacement value of \$11,480.01. All of the property owned by the licensee corporation, including technical equipment, furniture and fixtures, real estate and buildings, originally cost a total of \$18,779.21, has a total depreciated value of \$12,676.38 and a total replacement value of \$18,730.01.

Pursuant to the granting of this application, Mrs. Roosevelt will own 313 shares of the stock, Mr. Roosevelt one share, and Mr. Harry Hutchinson one share. Mr. Roosevelt will be the President and Secretary-Treasurer of the corporation, and Mrs. Roosevelt will be the Vice-President. All of the proposed officers and stockholders are citizens of the United States.

Mrs. Roosevelt has assets in excess of \$89,500, the FCC found, consisting of real estate, including a 1,500 acre ranch, live stock and other assets including cash. Mr. Roosevelt's annual income is in excess of \$20,000 and one-half of this sum is available for the operation of the station. If

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necessary, his entire income will be made available for this purpose. Over a 3-year period Mrs. Roosevelt, the proposed transferee, is prepared to invest the sum of \$60,000, if necessary to insure the successful operation of the station.

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NAB BOARD TO CONSIDER REPORTS ON APRIL 30

The Board of Directors of the National Association of Broadcasters will decide on April 30 whether to go forward at once with plans for setting up an elaborate organization of administration or to postpone the expansion until the hiring of a permanent paid president.

Mark F. Ethridge, Acting President of the NAB, has called the meeting to hear reports of special committees set up the latter part of March. The Executive Committee will meet on April 29th and be prepared to make recommendations to the Board.

Under the original reorganization plan, the NAB would have Directors of Labor, Relations, Research, Engineering, Public Relations, Law and Education, as well as a permanent paid Secretary-Treasurer. The budget, including the President's salary, would run around \$250,000 a year.

It is understood, however, some members of the Executive Committee believe that the NAB should move slowly and not establish a large headquarters staff until after the permanent president is chosen.

The Legislative Committee met at NAB headquarters on Saturday, April 9, to consider a number of legislative matters now pending in the Congress and the State Legislatures. The Committee formulated plans for presenting the views of the Association at the hearing to be held shortly on the Chavez-McAdoo bill by the subcommittee headed by Senator Bone of Washington. The Chavez-McAdoo bill provides for the establishment of a Government broadcasting station in California. The Committee also considered the Duffy Copyright Bill and decided to press for action upon the measure during the present session of Congress.

A meeting of the subcommittee of the Committee of Independent Non-network Broadcasters was held at NAB headquarters on Monday, April 11th, to study data received from stations interested in the negotiations with the American Federation of Musicians.

The NAB has accepted an invitation of the Radio Manufacturers' Association to meet with a special committee to discuss plans for closer cooperation between these two radio organizations. The committee will meet at New York on April 19th.

"Every effort is being made to speed up the establishment of essential services in the headquarters office and all Committees are taking an active part in the Association's affairs", a NAB statement said. "The membership is growing daily and the Association is now assured of having adequate revenue to commence putting into effect the reorganization proposals adopted at the February meeting."

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PAYNE BLASTS COLLEAGUES AS RESOLUTION LOSES

Commissioner George Henry Payne this week issued a broadside against his colleagues on the Federal Communications Commission, and particularly Paul A. Walker, after the FCC had rejected his resolution inviting a Congressional inquiry by a vote of 5 to 2.

The resolution (the text of which was carried in the previous news letter) proposed that the Commission notify the House Rules Committee that it would welcome an inquiry as urged in pending resolutions.

Only Commissioner T.A.M. Craven voted with Commissioner Payne, Chairman Frank R. McNinch and Commissioners Eugene O. Sykes, Thad H. Brown, Norman Case, and Walker voting in the negative.

Following the meeting both Commissioners Walker and Payne issued statements to the press explaining their points of view.

Commissioner Payne suggested that a rumored "leak" in the Walker report on the FCC telephone investigation was responsible for the February-March stock market slump and expressed surprise that Commissioner Walker would not want the matter investigated by Congress. He further charged that some members of the Commission are actively opposing a Congressional inquiry of radio and the FCC.

"Whether an investigation of a governmental agency created by Congress should be made, is wholly a matter for the judgment of the Congress itself", Commissioner Walker said in a formal statement. "This Commission should neither advocate nor oppose such investigation. If at any time the Congress should see fit to enter upon an investigation in which this Commission may be concerned or by which it may be affected, this Commission

should expect to offer every facility at its command in assisting in the active prosecution of such an investigation and in making immediately available all the facts pertaining thereto."

Chairman Walker's statement was concurred in by Chairman McNinch and Commissioners Sykes, Brown and Case.

Commissioner Payne's statement followed that of Mr. Walker's. He declared that "I am particularly amazed at Commissioner Walker's attitude in view of the fact that he formally called the attention of the Commission to a leak in the A. T. & T. investigation report.

Commissioner Walker's memorandum is understood to have been delivered to the Commission about March 21st. The A. T. & T. report was confidentially given each Commissioner in February.

"This leak, it would seem", Commissioner Payne continued, "was in part responsible for the fact that the A. T. & T. securities led the stock market downward during February and March, assisting in producing a crash that brought suffering to thousands and constituting a most disgraceful incident in the history of stock manipulation."

Commissioner Payne asserted that "I have been informed that during this period one block of 7,000 shares of A. T. & T. stock was offered at a half-point below the market. Under these circumstances, it appears to me that Commissioner Walker should have issued not an excuse for voting against the resolution, but a demand of Congress that there should be such an investigation."

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NEWSPAPER GIVEN FREQUENCY IN RIVAL APPLICATIONS

Continuing its new policy of friendliness toward newspaper applicants, the Federal Communications Commission this week granted the application of the Sharon Herald Broadcasting Co., Sharon, Pa., for a construction permit to operate on 780 kc. with 250 watts power daytime.

Simultaneously the FCC rejected the application of Allen T. Simmons, of Akron, O., for the same facilities.

The Commission said that the erection of the station in Ohio would cause interference with Stations WJR and WBBM. It stated, however, that "a need for local broadcast service exists in both communities but the need is greater at Sharon, Pa., than in Mansfield, O."

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CUT-RATE STATION PROPOSAL BLOCKED BY COMMISSION

The proposal of an applicant to offer cut rates for radio advertisers who have found the rates of two existing stations in San Diego, Calif., high was rejected by the Federal Communications Commission this week.

Denying the application of the Pacific Acceptance Corporation to erect a new broadcasting station at San Diego for operation daytime only on 1200 kc. with 100 watts power, the Commission ruled:

"While the two regional stations now licensed to operate in San Diego are affiliated with chains, those stations now devote a considerable portion of their time to programs of local character and it is not shown that these facilities are not capable of rendering, or are not actually rendering, an adequate local service. The low rates that the applicant intends to effect would quite probably afford a radio-advertising outlet to commercial organizations that have found the higher rates of the two existing stations uneconomical. Where the existing facilities are adequate to meet the need for local program service, the mere desire of commercial organizations for a low rate transmitting service for radio-advertising does not by itself justify the granting of additional facilities."

The applicant proposed to sell program time to commercial advertisers at about \$8 per hour and announcements of 75 to 100 words at \$1 per announcement. The rate for program time is about one-third of the lowest rates fixed by KGB and KFSD in the rate schedules of those stations that were submitted in evidence. The applicant's proposed rate for 100-word announcements is about two-thirds of the lowest rates fixed by KGB, and less than one-half of the lowest rates fixed by KFSD.

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The Federal Communications Commission this week set for oral argument on April 28th at 10 A.M., the motions of The Western Union Telegraph Company and R.C.A.C., Inc., praying for permanent suspension of part (2) of the order of the Commission, Telegraph Division, of June 14, 1937, or for a reopening of the matter for further evidence, and the opposition of the Cable and Radio Users' Protective Committee to said motions. The Commission directed that said part (2) of the said order of the Commission, Telegraph Division, of June 14, 1937, be further suspended for a period of sixty days from May 12, 1938, (July 11, 1938).

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"TELEVISION TODAY" AS SEEN BY THE BRITISH

The British public has become "television conscious" and the television service of the British Broadcasting Corporation now offers "something for everybody", according to a resume of "Television Today" in the BBC's 1938 handbook just issued.

"What does the BBC television offer today?" asks the handbook, and then proceeds with the answer:

"The aim is 'something for everybody'. Approximately two and a half hours of 'live' material, as distinct from film, is available on home screens every week-day, as well as one hour on Sunday evenings. On week-day mornings there is an hour of demonstration films transmitted for trade purposes. The studio programs range from tap-dancing and the lightest type of variety act to grand opera and drama. They include illustrated talks, music, ballet, revue, art exhibitions, fashion parades and frequent appearances in person of people in the news. Current news-reels are shown daily, and Mickey Mouse and other cartoon films are frequently included.

"But studio and film transmissions are only half the story. In the Spring of 1937 a new field was opened up with the purchase by the BBC of a mobile television unit, constructed by the Marconi-E.M.I. Television Company, Ltd., which made television possible from practically any point within 20 miles or so of the transmitting station. Mobile television was gloriously inaugurated on Coronation Day. Despite bad weather conditions, the whole of the Coronation Procession was televised from Apsley Gate, Hyde Park Corner, and it is estimated that more than 10,000 people found an opportunity to see the picture on a television screen. Three Emitron cameras were used: two on the plinth gave general views of the procession, and a third, at pavement level, showed the procession in close-up with clear glimpses of the King and Queen.

"In the first year of its existence the mobile unit has added success to success, and the failures have been few. Viewers in their homes have watched at the moment of happening Wimbledon tennis, the Lord Mayor's Show, the Cenotaph Ceremony on Armistice Day, film-making at Pinewood, Denham and Elstree, Pets' Corner at the Zoo and an Omnibus Pageant at Chiswick.

When in central London, the mobile unit is linked to the transmitting station by a special television cable, installed by the Post Office, which conveys the pictures to the Alexandra Palace control room for re-transmission to viewers. Outside the central area the unit employs its own radio transmitter, the signals being picked up on a radio receiver at the television station and re-radiated.

"In addition to the outside broadcasts from the mobile unit, the television programs include what are known as 'local O.B.s' from Alexandra Park. In effect the Park, with its grassy slopes, woodland and lake, becomes an outdoor 'studio'. The studio cameras are taken into the open, but in all other respects these features are controlled and produced as indoor shows. The park 'studio' has made it possible to show model yacht-racing on the lake, sheep-dog trials, fire-fighting demonstrations, car parades, lessons in horse riding, archery and golf, and the Television Garden tended and described by C. H. Middleton.

"The viewer at home can watch these animated and changing scenes by operating two or three switches. The pictures are small (10 x 8 in.), but regular viewers know how satisfying such a picture can be when seen under home viewing conditions. It is nearly double the size of the full-plate photographs published in the illustrated weeklies; the definition at a distance of four or five feet leaves nothing to be desired, and, perhaps the most important point of all, there is no flicker. Add to this the fact that, owing to the use of ultra-short waves for transmission, the sound reproduction is, if anything, superior to that of ordinary broadcasting, and it will be realized that the owner of a television set is a person to be envied."

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TELEVISION TO BE INSTALLED IN THREE FRENCH STATIONS

Special cables which will make television available to three radio stations in the southwestern part of France is now in the process of construction, according to a report to the Department of Commerce from the office of the American Commercial Attache at Paris.

The cables which will join Paris to Bordeaux, passing by way of Limoges and branching off to Birve-Toulouse, will service three television screens which will be installed at Toulouse, Bordeaux, and Limoges, the report stated.

A frequency of four million cycles per second will be permitted by the cable which is to run underground, and telephone conversations, radio broadcasts, and television can be transmitted simultaneously over great distances, according to the report.

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The Crosley Radio Corporation, Cincinnati, has applied to the Federal Communications Commission for experimental authorization to operate a facsimile station via WLW from 12 midnight to 6 A.M. on 700 kc. with 50 kw. power, until August 1st.

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NBC ADVISORY COUNCIL HOLDS 11TH MEETING

"While there may be peace on earth in some parts of the world, there is war in the ether, over a large part of the globe", David Sarnoff, Chairman of the Board of the NBC, told the National Broadcasting Company Advisory Council at the eleventh meeting of the Council, held at Radio City this week.

Members of the Council met with NBC officials to discuss the problems and developments of radio. A part of the meeting was given over to a demonstration of television and facsimile transmission.

The Council, organized virtually at the inception of the National Broadcasting Company, is composed of outstanding citizens who give NBC the benefit of their counsel on matters of policy.

Mr. Sarnoff's warning that there was "war in the ether" was made during a general discussion of recent developments in the field of international shortwave broadcasting, during which he commented on the political and other propaganda emanating from powerful radio stations in foreign countries.

The members of the Council also discussed the question of controversial subjects on the air, and endorsed the company's policy of permitting the discussion of such subjects only during sustaining program periods where the company affords opportunities for discussion by speakers on different sides of the question.

The Council also endorsed the company's policy which requires that a commercial sponsor who presents a controversial subject on his program must provide a similar opportunity to the opposition for reply during his sponsored time.

William Green, President of the American Federation of Labor, suggested that the NBC look into the possibility of providing vocational education over the air in order to give training to unemployed young men and women who may thus be better prepared for employment when the opportunity offers.

Mr. Sarnoff reviewed the status and progress of radio in our country as well as in other parts of the world and dwelt generally on the social significance of radio, including facsimile and television.

Following the luncheon, a demonstration of the operation of radio's latest developments in the fields of facsimile and television was made to the members of the Council, and Lenox Lohr, President of NBC, explained the technical, program and other problems connected with these developments. Among the subjects discussed at the Council meeting were supervision of programs generally, and educational programs in particular.

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THREE-DAY FETE TO MARK WMCA DEDICATION

Programs designed to represent the "cross-roads of the world" will feature the three day dedication ceremonies scheduled for the official opening of WMCA's new Broadway studios on Thursday, Friday and Saturday, April 21, 22 and 23rd. Arrangements have been concluded for the participation of personalities of the entertainment world, as well as business, political, sports, religious and royalty circles.

Postmaster General James A. Farley; former Mayor of New York City, James J. Walker, and President of Madison Square Garden, Col. John Reed Kilpatrick, will act as masters of ceremonies. Benediction and blessings of the new studios will be made by Most Reverend Stephen J. Donahue, Auxiliary Bishop of New York and Rabbi Stephen S. Wise of the Free Synagogue.

Salutes to the new studios, which occupy the block from 51st to 52nd Streets on Broadway, will come from Philadelphia, Washington, New England, Cincinnati, Hollywood and London. A United Airliner on a transcontinental trip will broadcast from the plane to WMCA. Another remote broadcast is scheduled from the "Queen Mary" two days out at sea. There will also be an "alumni" night presenting radio stars who got their start on WMCA and an "ASCAP" program with famous composers participating.

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