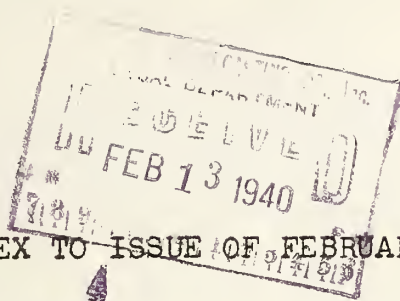


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF FEBRUARY 9, 1940

FCC Cracks Down On Stations In New Campaign.....	2
Station WMCA Given Power Boost To 5 KW.....	3
Frequency Modulation Hearing Off Until March 18.....	4
FCC Studying Plan To Merge Radio And Cables.....	4
House Moves To Curb Powers Of Federal Agencies.....	5
Meet Andy's Daughter.....	5
Hearing Set On Great Lakes Radiotelephone Service.....	6
Electrical Exports Rise For 1939.....	7
Georgia Governor Gets New Station Permit.....	7
U. S. Dominates Radio Market In South India.....	8
Short-Wave Broadcasts Promote Foreign Trade.....	9
Standard Oil Sponsors Fight On Short-Waves.....	10
CBS, Inc., Earned \$5,000,000 In 1939.....	10
European Long Distance Telephones Extended Despite War.....	11

No. 1207

FCC CRACKS DOWN ON STATIONS IN NEW CAMPAIGN

With an abruptness that startled the radio industry, the Federal Communications Commission this week cracked down on a network sponsor and five Texas licensees for alleged violations of the Communications Act or FCC regulations.

The revocation of the Texas station licenses was the most drastic action taken by the Commission in years. It followed the revocation of the license of Station KUMA, of Yuma, Ariz., as of February 1st. Other revocations are expected to follow as a result of investigations now underway.

"The Pot o' Gold" program was cited to the Justice Department by the FCC in its first move in response to complaints that the lottery clause of the Communications Act was being violated by several program sponsors.

The attention of the House was called to "The Pot o' Gold" program recently by Representative Tenerowicz (D.), of Michigan, who had received complaints from motion picture theatre owners in his district.

"The Pot o' Gold" program, sponsored by Tums over an NBC network, gave away \$1,000 to the lucky listener who happened to answer a telephone call from the program's conductor. The name was selected at random anywhere in the United States.

The FCC also transmitted to the Department of Justice the facts concerning a program advertising Mead's Bakery, recently broadcast by Stations KWFT and KBST at Wichita Falls and Big Springs, Texas, respectively.

The Commission explained it had received complaints that these programs, which involve gifts of money by chance, violate Section 316 of the Communications Act which prohibits the broadcasting of "... any advertisement, or information concerning any lottery, gift enterprise, or similar scheme . . ."

In turning these cases over to the Department of Justice for such action as that department deems necessary and warranted, the Commission offered any cooperative assistance desired, an FCC statement explained.

The orders of revocation were directed at Stations KSAM, Huntsville; KAND, Corsicana; KRBA, Lufkin; KTBC, Austin, and KNET, Palestine, all of Texas. They are effective February 24.

The order resulted from investigation instigated January 26, of undisclosed interests of Dr. James G. Ulmer and Roy G. Terry in the stations mentioned, it was said.

It is indicated that original construction permits and licenses for these stations were issued by the Commission upon false and fraudulent statements and representations and because of the failure of the applicants to make full disclosure to the Commission concerning the financing of station construction and operation, as well as the ownership, management and control thereof, in violation of the law, and that, had the actual facts in this connection been made known to the Commission, it would have been warranted in refusing to license these stations.

KSAM is licensed by the Sam Houston Broadcasting Association, H. G. Webster, President, and operates on 1500 kilocycles with 250 watts, daytime; KAND is licensed by the Navarro Broadcasting Association, J. C. West, President, and operates on 1310 kilocycles with 100 watts, unlimited time; KRBA is licensed by the Red Lands Broadcasting Association, Ben T. Wilson, President, and operates on 1310 kilocycles with 250 watts, daytime; KTBC is licensed by the State Capitol Broadcasting Association, Inc., and operates on 1120 kilocycles with 1 KW, specified hours (D-WTAW), and KNET is licensed by John Calvin Welch, William M. Keller and Bonner Frizell as the Palestine Broadcasting Association, and operates on 1420 kilocycles with 100 watts, daytime.

The licensees have 15 days in which to ask hearing, in which case the revocation order will be stayed pending the outcome of the hearing.

The FCC also has set for hearings the renewal applications of eight stations operating on clear channels in connection with its inquiry into management contracts to determine whether licensees actually control the stations in their name or whether they are dummies.

The Commission recently held a hearing in the case of Station WSAL, Salisbury, Md., wherein it was alleged in the revocation order that control has passed to a mortgagee.

X X X X X X X X X

STATION WMCA GIVEN POWER BOOST TO 5 KW

Station WMCA, New York, this week was granted an increase in transmission power from 1 KW to 5 KW, to become effective after the transmitter is moved from Flushing, Long Island, to Kearney, N.J., and new equipment is installed.

X X X X X X X X X

2/9/40

FREQUENCY MODULATION HEARING OFF UNTIL MARCH 18

The Federal Communications Commission on Friday postponed the frequency modulation hearing from February 28 until March 18 on the request of "F.M." proponents who asked that they be allowed more time to prepare their case.

While Prof. Edwin H. Armstrong, Columbia University teacher and developer of the new transmission system, had suggested to the FCC that it postpone a decision in television regulation until after hearing the "F.M." case, officials at the Commission indicated that the FCC is trying to reach a decision on television as soon as possible.

It was suggested that frequency modulation opens up such a revolutionary field of radio transmission that television could not wait until it has had an adequate test.

X X X X X X X X

FCC STUDYING PLAN TO MERGE RADIO AND CABLES

Consolidation of cable and point-to-point radio telegraph systems between the United States and foreign countries is strongly urged in a report which the Federal Communications Commission is studying.

This report, the second phase of a wire communications study for a Senate Interstate Commerce Sub-Committee, headed by Senator Burton K. Wheeler, is expected to develop considerable difference of opinion among the members of the Commission.

The proposal also is said to have been opposed by the Navy Department.

While those who have studied the first report sent to Senator Wheeler on the proposed domestic wire merger point out that it is a move in the direction of Government ownership, it has been indicated that discussions of the staff on the international systems have a more definite trend in that direction.

One argument for Government ownership of the international communication systems, and more particularly the radio telegraph, is that in making agreements for contact stations in foreign lands it would be better for two governments to negotiate rather than private corporations and a foreign government.

X X X X X X X X

HOUSE MOVES TO CURB POWERS OF FEDERAL AGENCIES

Close on the heels of a Supreme Court decision which had the effect of broadening the powers of the Federal Communications Commission, the House this week expedited a bill which would curb the authority of all independent Federal agencies, including the FCC.

Similar in purpose to the Logan bill, now before the Senate, the House bill has been reported favorably by the Judiciary Committee and given a "green light" by the Rules Committee. The legislation, like the Logan bill, is expected to encounter opposition from the Administration.

The House bill is understood to have been directed at the Labor Relations Board, but its provisions would make the decisions of all independent Federal agencies subject to court review.

The Judiciary Committee said in its report that there are approximately 130 different Federal agencies in the Government, and added:

"The law must provide that the Governors shall be governed and the regulators shall be regulated, if our present form of government is to endure.

"The phenomenon of the administrative officers and employees - the so-called bureaucracy - attempting to control all processes of government for their selfish ends is not new in either this country or in the history of the world."

The Logan bill was passed by the Senate last session but was called back for reconsideration as the result of protests by Senator Minton, (D.), of Indiana, and other administration supporters.

The House bill must await a decision of the leadership as to when it will be called up for action. Proponents predicted it would be taken up soon.

X X X X X X X X

MEET ANDY'S DAUGHTER

Cards have been received announcing the arrival of Miss Dorothy Alyce Correll, daughter of Mr. and Mrs. Charles James Correll. The happy event took place in Los Angeles, February 1st with everybody, including Mr. Andrew H. Brown, doing fine.

X X X X X X X X

2/9/40

HEARING SET ON GREAT LAKES RADIOTELEPHONE SERVICE

For the purpose of obtaining information to determine policy with respect to assignment of frequencies for commercial radiotelephone communication on the Great Lakes, the Federal Communications Commission has designated Commissioner Thad H. Brown to hold a hearing on March 4 at Cleveland, Ohio.

The problem, fundamental to future development of the service, is briefly, whether this service shall take the form of short distance communication between ship and shore, making full use of the land line telephone and telegraph systems, or long distance communication directly between ships and coastal stations at any point on the lakes.

The present rules of the Commission provide frequencies which are suitable only for the short distance communication. However, one of the pioneer companies is providing a longer range service through the use of certain frequencies now authorized to it on a temporary basis under a waiver of the rules.

The assignment of frequencies suitable for communication over longer distances involves a number of questions: for example, the general policy of limiting the use of radio frequencies to those services which cannot be adequately and satisfactorily performed by wire lines; the international agreement to limit the use of such frequencies to actual long-distance communication because of the interference that would result from their use for short or medium distance communication; probable interference resulting from the use of a few such frequencies by several coast stations; unavailability of a sufficient number of "long distance" frequencies, except by restricting their use for other services.

A determination of this basic question of policy is a material element in each of the applications now pending, either for renewal of license or for new license, for stations at Houghton, Mackinac Island, Manistee, Marine City, Rogers City, Wyandotte, Port Huron and Detroit, all in Michigan; Duluth, Minnesota; Port Washington, Wisconsin; Lake Bluff, Illinois; Lorain and West Dover, Ohio, and Buffalo, New York. In addition to these applicants, the question is of primary importance to shippers, steamship operators and others concerned by this rapidly expanding service.

Accordingly, the proceeding is brought on the Commission's own motion, and will be open to all persons having an interest in the outcome. They have 15 days in which to make request to be heard. The individual applications for station licenses will be heard on their merits following a decision in this matter.

X X X X X X X X

2/9/40

ELECTRICAL EXPORTS RISE FOR 1939

After lagging behind 1938 shipments for the first 10 months of 1939, exports of electrical equipment from the United States advanced rapidly during November and December to total \$113,026,796 for the year compared with \$111,546,789 for 1938, an increase of \$1,480,007, or 1.3 percent.

Impetus for the increase was derived from the exceptionally large sales made during November and December, particularly the latter month when such sales reached the highest level in several years. The December exports of \$11,930,924 advanced sharply over the already better-than-average sales of November which totaled \$10,550,753 and also compared very favorably with the large volume of \$10,697,076 recorded in December, 1938.

Few items showed any radical variations during the year, fluctuations having occurred both up and down within fairly narrow limits.

Radio receiving set components, rigid metal conduit, and telephone instruments were among other electrical items which established new monthly highs during December.

X X X X X X X X

GEORGIA GOVERNOR GETS NEW STATIONS PERMIT

The Federal Communications Commission this week granted a construction permit for a new broadcasting station to the Governor of Georgia, E. D. Rivers.

Governor Rivers, apparently acting in his private capacity, asked for a permit to operate with 100-250 watts on 1420 kc. at Valdosta, Ga. The town now has no broadcasting station.

X X X X X X X X X X

Some of the British Broadcasting Company's short wave programs, including those of America, were cut off for 45 minutes Wednesday night. It was stated officially the interruption was caused by a "technical fault". Home services were not interrupted.

X X X X X X X X X X X X

2/9/40

U.S. DOMINATES RADIO MARKET IN SOUTH INDIA

A considerably major portion of the trade in radios and accessories in the South Indian market is already monopolized by the United States, according to the American Consulate at Madras. Cheapness, coupled with quality, has rendered many an American radio very popular in the market.

"As a result of the war, German radios have been cut off the market", the report to the Commerce Department states. "German radios in general did not enjoy the wide sales in this area. The following were the chief makes: 'Telefunken', 'Mende', 'Centrum', and 'Saba'. Among these, 'Telefunken' was the latest to be introduced into this market and it is reported that this radio was making some headway in regard to sales.

"Supplies of the Netherlands 'Philips', popular and widely sold in the market, are reported not coming in since the outbreak of war. The same is the case with the British make 'Pye', though one shipment has come after undue delay. Many orders are still unfilled for both 'Philips' and 'Pye'. It is stated by local dealers that wireless firms in the United Kingdom are at present diverted to the manufacture of war supplies and hence it is apprehended that they may be obliged to give less attention to their foreign trade.

"For European and English radios and accessories an increase in price of about 25 to 30 percent has been recorded in the market, while for American makes 33-1/3 percent has been noted. The bigger increase in price for American makes is attributed to the unfavorable exchange situation consequent on the fall of the sterling to which the Indian rupee is linked.

"It is reported no immediate shortage is felt in the market for radios and accessories."

X X X X X X X X

Beginning Sunday, Feb. 18, Station WTOL, Toledo, O., will become affiliated with the National Broadcasting Company, bringing the number of affiliated stations at that time to a total of 183. WTOL is licensed to the Community Broadcasting Company, operating full time on 250 watts power on a frequency of 1200 kc. The station will be a supplementary outlet of the Basic Blue Network.

X X X X X X X X X X

2/9/40

SHORT-WAVE BROADCASTS PROMOTE FOREIGN TRADE

Foreign listeners to KGEI, General Electric's short-wave broadcasting station at San Francisco, like American merchandise. This is shown in many of the hundreds of letters received by KGEI which reveal that G-E's international broadcasts not only are building goodwill for the United States but also are directly promoting American foreign trade.

A letter just received from C. R. Halle, Pietermaritzburg, Natal, South Africa, says, in part:

"I suppose you consider this place a part of darkest Africa belonging to Britain and leave it at that. Well, in reality it is darn near an American Colony. Just think this over:

"I have just come home in an American car, after seeing to the electricity supply from American transformers to American stoves and refrigerators. I listen on my American radio set to your American station KGEI and tonight I shall see a lot of American films in a cinema outside which about 20,000 pounds worth of American cars will be parked. And so it goes on . . . not to mention the wife's American Kayser stockings, etc.

"Good luck to you and let's hope Hitler never parts us."

S. H. Thung, Sindanglaka Estate, Tjiandjoer, Java, Netherlands East Indies, writes, in part:

"Let me first convey my thanks and gratitude for the service extended by the General Electric Company for its KGEI broadcasts. For this service, I have tried to repay by buying a General Electric range and will soon replace my refrigerator with a General Electric one. This station has kept the name of General Electric continually in my mind."

General Electric owns and operates KGEI at San Francisco and WGEA-WGEO at Schenectady on a strict non-commercial basis, to build goodwill between the United States and other countries.

KGEI is the only American broadcasting station whose programs are regularly received in the Orient. The Oriental beam broadcasts are also received with utmost clarity in Australia, New Zealand and South Africa. The station also broadcasts daily to Latin America.

X X X X X X X X X

STANDARD OIL SPONSORS FIGHT ON SHORT-WAVES

The Joe Louis-Arturo Godoy heavyweight championship fight at Madison Square Garden tonight (Friday, February 9th) will be broadcast to Latin America via National Broadcasting Company short wave service under the sponsorship of the Standard Oil Company of New Jersey and its affiliates in Latin America.

The affiliated companies participating in the broadcast are the West India Oil Co., Standard Oil of Cuba, Standard Oil of Brazil, and the Compagnia de Petrolio Lato.

The stations carrying the fight to Latin American listeners are WRCA and WNBI, both operating on a frequency of 9670 kilocycles and 31.02 meters.

The broadcast will mark the first time a fight has been presented on short wave radio under commercial sponsorship, the Standard Oil Co. of New Jersey being the second organization to avail itself of commercial broadcasting via shortwave. The first was the United Fruit Co., which assumed sponsorship of a quarter-hour evening news program in Spanish, as announced on Nov. 8, 1939.

X X X X X X X X

CBS, INC., EARNED \$5,000,000 IN 1939

Consolidated net earnings of the Columbia Broadcasting System, Inc., approximated \$5,001,500 in 1939, equivalent to \$2.93 a share on 1,709,723 shares of \$2.50 par value stock outstanding or to be outstanding upon completion of the exchange of the old \$5 par value stock, according to a statement issued this week.

In the preceding year, consolidated net earnings amounted to \$3,541,700 or \$2.07 a share based on the same number of shares.

During the past year the company acquired 100 percent ownership of the Columbia Recording Corporation and its subsidiaries. The operating results of these companies, which do not materially affect the consolidated earnings, have been included in the 1939 result, the company states.

This is a preliminary statement, subject to audit now being made. The annual financial report, however, will be mailed to stockholders in April.

At a meeting of the Board, Directors declared a cash dividend of 45 cents a share on the Class A and Class B stock of \$2.50 par value. It is payable on March 8 to holders of record February 23.

X X X X X X X X

EUROPEAN LONG DISTANCE TELEPHONES EXTENDED DESPITE WAR

Most countries abroad have added to their long distance telephone cable networks during 1939, according to information from Associated Companies of the International Telephone and Telegraph Corporation in Europe, and the use of the 12-channel carrier-on-cable systems has been particularly prominent.

In Great Britain, 900 Km. of 12-channel cable was installed during the past year and another 1,100 km. is under construction or on order. In addition to the carrier cable, another 4,000 Km. of other loaded trunk cables were completed or are under construction. Of the London-Paris 12-channel cable system reported last year, the section from London to the French Coast, including the submarine portion, has been completed and considerable progress has been made with the manufacture and installation of the section of France.

Initial 12-channel carrier-on-cable systems have been completed or are under construction in a number of countries in Europe. In Belgium the Roosendaal cable was completed and will eventually be extended to Brussels to link the Belgian and Dutch toll telephone networks. In Sweden the Goteborg-Malmo system was under construction at the end of the year and in Finland the Helsinki-Turku plan was started, a system which is to be connected to the recently laid Stockholm-Turku submarine cable which is also designed for 12-channel operation. In Denmark a combined 12-channel and loaded cable is under construction between Aalborg and Aarhus, a distance of 111 Km., and this cable will eventually be extended to Copenhagen. In Rumania the Bucharest-Ploesti combined 12-channel and loaded cable system has been extended to Brasov which makes a total distance for this cable of 170 Kms.

The Norwegian and Swedish cable systems were connected with the installation of the Halden-Kornsjo cable which is a loaded cable 70 Kms. in length designed for voice frequency and single channel carrier operation.

Although 1939 has witnessed no exceptional changes in telephone sets as a whole in England, the new British Post Office desk set has begun to make its appearance. This set is now being manufactured and supplied to the Post Office by Standard Telephones and Cables, Ltd., in place of the moulded desk set designed in 1931

The Bell Telephone Manufacturing Company of Antwerp, Belgium, has now completed the development of a new subscriber set containing a number of advanced features which will make the set even safer from the effects of moisture and dust, and easier to maintain. This set will be on the market in 1940.

Standard Telephones and Cables in London has developed a new equalized receiver technique which is incorporated in all of its new equipment including the new desk sets referred to previously. Head receivers to meet all requirements with a common magnetic structure and giving the same improved performance have been standardized to replace entirely the old type receivers. The same principles have been applied to a magnetic transmitter suitable for airplane use.