HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY, I GENERAL LIBRARY 30 ROCKEFELLER PLAZA, NEW YORK, N

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SARNOFF DENIES USING ROOSEVELT FRIENDSHIP IN RCA DEAL

There was an immediate and sharp denial by David Sarnoff, President of the Radio Corporation of America, that he had said in 1932 that if he could delay prosecution of a Government antitrust case against the RCA until after President Roosevelt's inauguration, he would have no difficulty in dealing with Mr. Roosevelt.

"It is an unadulterated falsehood", Mr. Sarnoff declared, "because I did not see President Roosevelt until about a year after his inauguration. I never discussed the case with him. I think, therefore, that it is very unfortunate and unfair that the President's name has been dragged into this case."

The Roosevelt allegation was made before the Senate Committee on Interstate Commerce considering the nomination of Thad H. Brown to succeed himself as a member of the Federal Communications Commission. It came in an affidavit signed by E. O. Keller, supposed to be an intermediary for the RCA in the postponement of the case. The affidavit was introduced in evidence by Senator Charles W. Tobey (R.), of New Hampshire. It had to do with a journey which Mr. Sarnoff, accompanied by several others made to Concord, N.H., to seek the advice of Senator George Moses, of New Hampshire, with regard to getting a month's continuance of the anti-trust case.

"On my boat trip with Mr. Sarnoff, from New York to Boston", the affidavit of Keller set forth, "Mr. Sarnoff informed me that he and President Roosevelt had been very close friends since the inception of radio, and that Mr. Roosevelt had said to him, 'Dave, you are the father of radio but when I was Assistant Secretary of the Navy, I mothered it for you', and that he believed Mr. Roosevelt would be elected in November and that if he were able to postpone this case until after the Roosevelt inauguration that he would have no trouble in dealing with Mr. Roosevelt personally."

Although Keller was said to have been continuously in attendance at the Senate hearings and was to have testified the day Senator Tobey introduced the affidavit, he failed to appear. Senator Burton K. Wheeler (D), of Montana, Chairman of the Committee, ordered the Sergeant-At-Arms to issue a subpena for him.

There was a sensational conclusion to Keller's testimony two days later when the fact was brought out that he had been indicted for forgery in 1931, had pleaded guilty to the charge, and had been given a suspended sentence of 60 days.

8/9/40

RCA HEAD GIVES SCHUETTE CLEAN BILL

In an exchange with Senator Tobey, of New Hampshire, at the Thad Brown hearing, David Sarnoff, President of the Radio Corporation of America, defended the employment of Oswald F. Schuette, who in the old days bitterly fought the Radio Corporation but was subsequently employed by them. The testimony follows:

Senator Tobey - Is it not true that Mr. Schuette, in 1927, was publicity agent for the Radio Protective Association?

Mr. Sarnoff - I think that is right.

Senator Tobey - He set up headquarters in Washington representing the independents?

Mr. Sarnoff - Yes.

Senator Tobey - He issued mimeographed statements to the newspapers attacking R.C.A., calling it part of the radio trust, and referring to it as a patent racket. He was extremely active before this Senate Interstate Commerce Committee and the House Committee on Merchant Marine and Fisheries in making attacks on the radio trust and in getting Senator Dill and others to get after the Department of Justice to investigate the so-called radio trust and to bring action under the anti-trust acts against R.C.A. and others. Is not that true?

Mr. Sarnoff. - That is true; yes.

Senator Tobey - Indeed, so effective were his efforts that at extended hearings held before the Senate Committee on Interstate Commerce, Colonel Manton Davis, Vice President and General Attorney of R.C.A. in 1929, attacked him before this committee in the following terms (reading):

"If the Committee will examine Mr. Oswald F. Schuette under oath and will compel him to disclose the names of each of those who have supported his activities and are supporting them, together with the contribution made and being paid by each, I think you will uncover one of those lobbies against which official Washington has so often", and so forth.

And on page 203 he said (reading further):

"Before the House Committee on Merchant Marine and Fisheries * * * he was appeared and attacked the R.C.A. and its associated organizations, and always the burden of his story has been that the fundamental agreements underlying the complete original

(Cont'd)

Senator Tobey - set-up were violations of the anti-monopoly laws and would result in prosecution by the Government of the United States for violation of those laws * * * *. Mr. Schuette has continued without ceasing to repeat the same accusations to Congressional committees, Senators and Congressmen and other Government officials, and whenever he could, to the Federal Radio Commission * * *. They denounce and they accuse to build a smoke screen behind which to hide their own wrongdoings."

> His efforts and accusations were intensified in May of 1930 when R.C.A. and General Electric and Westinghouse entered into the patent pooling agreements which were the subject of the anti-trust proceedings which you, Mr. Sarnoff, were so anxious to have postponed, and which have been referred to this morning.

> It has been mentioned by the chairman of this committee, Senator Wheeler, that Mr. Schuette suddenly ceased his attacks on R.C.A. and its patent pooling agreements and its monopolistic activities. Do you know Mr. Oswald Schuette?

Mr. Sarnoff - Yes.

Senator Tobey - Is not the whole answer to the thing that R.C.A. bought him off by giving him a job in R.C.A. at a satisfactory salary?

Mr. Sarnoff - It is not only not the whole answer, but it is not even a part of the answer.

Senator Tobey - One day he was storming against R.C.A., and then he was employed by them another day.

Mr. Sarnoff -- There is nothing strange or mysterious about that. If you want to know about that, I will tell you. It is no more mysterious than when a lawyer handles a case against you and handles it effectively and wins. You might find at some later time that it is a good thing to employ that lawyer on your side because he is a good lawyer.

> Mr. Schuette had sincerely believed that the Radio Corporation was in violation of the anti-trust laws. He was also making a living by representing those who shared his belief. He was a very effective gentleman. He had made a study of the whole radio art and industry, and in the course of the preparation of the case by the Department of Justice Judge Olney came to rely on him very much. I had never met Mr. Schuette until the negotiations with the Department of Justice had reached their end or were

Mr. Sarnoff (Cont'd)

- almost near their end, when Judge Olney had brought him in, as a matter of fact, to advise him. formed a very favorable opinion of this gentleman's capacity. When the consent decree was given and the General Electric and the Westinghouse were out, the Radio Corporation was alone and it had to establish itself in the public mind, with the stockholders, with organizations and with others as a company that was able to do its job and render the service for which it had been organized. that Mr. Schuette would be of great service to the company in strengthening the organization. I have never objected to those who have been opposed to the organization coming in and learning about it, because there are no secrets, nothing to hide. I might say to you quite frankly that there were some in the organization that had not as much affection for Mr. Schuette as I had. I had looked at the matter entirely objectively. Here was a man who did a good job. He had the confidence of the licensees because he had represented them. One of the important elements of revenue to the Radio Corporation was the matter of royalties from the licensees. invited Mr. Schuette to come in and learn about our business and to help us with our problems and understand what we were seeking to do, particularly under the new set-up. It was now conforming to the consent decree, to the views of the Government and the views which he himself has urged. He came in as a regular employee. There was no secret about it. has been paid. He has been sent to see customers and licensees. He is a representative of the Corporation. He has participated in our conferences. He is now a trusted member of the organization.

Senator Tobey - And he is as strong pro-R.C.A. as he was against it before?

Mr. Sarnoff - Yes.

Senator Tobey - And like Saul of Tarsus, he saw the light and was convinced?

Mr. Sarnoff - That often happens to men who are wrong.

Senator Tobey - But there was a quid pro quo, a retainer?

Mr. Sarnoff - No sir.

Senator Tobey - He was hired by R.C.A.?

Mr. Sarnoff - Yes.

Senator Tobey - And after that his anger and antagonism went out the window?

Mr. Sarnoff

- No. There was no anger. The Corporation was conformed to a net set-up. He was the victor in the set-up. There is no reason why he should have been angry. He should have been happy.

Senator Wheeler - How much do you pay Mr. Schuette?

Mr. Sarnoff - I think he receives a regular salary of \$20,000 a year.

Senator Wheeler - Do you pay him anything in addition to that?

Mr. Sarnoff - Nothing, except his expenses.

Senator Wheeler - I mean, anything else in the way of a fee.

Mr. Sarnoff

- No; no fee. That is his salary, \$20,000 a year. As a matter of fact, he is helping develop the patent department. He has been very helpful in connection with the development of international short wave broadcasting. It never occurred to me that there was anything wrong in hiring a man that happened to be opposed to us. If you did that you would never hire a lawyer who has been on the other side.

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FDR CONGRATULATES ASCAP ON ITS ANNIVERSARY

Congratulating ASCAP on its 25th Anniversary, President Roosevelt wrote the following letter to Gene Buck, President of the Society:

"Dear Gene:

"I have learned with much interest that the American Society of Composers, Authors and Publishers is about to celebrate its twenty-fifth anniversary. May I be among those to congratulate

you on this very happy and significant event.

"The importance and value of music to the culture, morale and entertainment of the nation were fittingly recognized by the government in the issuance of five special postage stamps honoring outstanding composers -- Victor Herbert, John Philip Sousa, Ethelbert Nevin, Stephen Collins Foster and Edward MacDowell - in the famous Americans stamp series.

"Your Society, in its highly worthwhile work of giving protection and encouragement to our creators of music, can, I sincerely believe, play an important part in advancing American leadership in the field of music. In extending hearty greetings may I express the hope that your Society will have continued suc-

cess in such a laudable objective.

"With all good wishes,

Very sincerely yours, X X X X X X X X X X X X

MORE NEW TELEVISION STATIONS

Additional applications have been granted by the Federal Communications Commission for the construction of new television stations. These included one to the National Broadcasting Co., Washington, D., to operate on frequencies of 60,000-66,000 (Channel No. 2), A3 and A5 emission, and another to the NBC in Philadelphia to operate on frequencies of 102,000-108,000 kc. (Channel No. 7). Both stations are 1 kilowatt power aural and visual. It is explained that both are on an experimental basis and that the Philadelphia station application is granted in lieu of the tentative grant for a television station in Chicago, as it appears that the Philadelphia station will make possible a more concentrated study of television systems by the entire RCA research organization.

Balaban & Katz, Corp., has been granted a construction permit to erect a new television broadcast station in Chicago on the frequencies of 60,000-66,000 (Chanel No. 2) on an experimental basis with power of 1 kilowatt aural and visual, A3 and A5 emission.

The Television Productions, Inc., of Los Angeles has been authorized to erect a new station to use frequencies 78,000-84,000 kc. (Channel No. 4) on an experimental basis, 1 kilowatt power, aural and visual.

The Zenith Radio Corp., Chicago, has been granted a modification of its television station license on Channel No. 1 (50,000-56,000 kc.) on the condition that the Zenith Station W9XZV be used for carrying on research, which covers engineering experimentation tending to develop uniform transmission standards of acceptable technical quality, and for carrying on equipment tests, training of technical personnel, and experimental programs - the license otherwise to remain the same.

The Commission, having considered also the applications of the RCA Manufacturing Co., Inc., for modification of license requesting Channel No. 5 for its television broadcast station W3XEP, and that of the Philoc Radio and Television Corporation, as amended, for modification of its license, requesting Channel No. 3 for its television broadcast station W3XE, ordered that the applications be granted upon the express condition that Station W3XEP and Station W3XE be used for carrying on research, which covers engineering experimentation tending to develop uniform transmission standards of acceptable technical quality, and for carrying on equipment tests, training of technical personnel. No public program service was authorized and the licenses otherwise remain the same.

It was further ordered by the Commission that their Order No. 69 cancelling the licenses of Stations W9XZV, W3XEP and W3XE effective January 1, 1941, in order to provide for the reallocation of frequencies set forth in the Commission's Order No. 67 be amended to exclude from its terms the licenses as modified for these television broadcast stations.

8/9/40

RCA DISCLOSURES ECLIPSE BROWN HEARING

What started out to be an inquiry by the Senate Interstate Commerce Committee into the qualifications of Col. Thad H. Brown to succeed himself as a member of the Federal Communications Commission almost became, through sensational charges made against the Radio Corporation of America, an investigation of the entire radio industry. And may yet.

The RCA got into the case by Senator Charles W. Tobey, Republican, of New Hampshire, asking Thad Brown about the allegation that the Radio Corporation eight years ago had bribed the then U. S. Senators George H. Moses, of New Hampshire, and Daniel O. Hastings, of Delaware, and Harry C. Mahaffy, Jr., Clerk of the Federal District Court at Wilmington, to get an RCA anti-trust case postponed. Colonel Brown said he had never heard of it. Senator Tobey in wrath said that the story had been "kicking around the Capitol for years, that everybody knew about it", and if Brown, who had previously been characterized by Senator Wheeler, of Montana, Chairman of the Committee, as "dumb", had gone into it or even heard of it he was not fit to serve as a Federal Communications Commissioner.

Whereupon Senator Tobey started in on a one-man investigation of the old RCA case the results of which completely eclipsed the Thad Brown investigation. Brown thereafter sat over in a corner almost a forgotten man and one day didn't even attend the sessions.

Highlights of the Senate hearings extending over the better part of a week included:

Testimony of David Sarnoff, President of the Radio Corporation of America denying that the RCA paid money to any Senators or any other Government official to effect a postponement of its Government suit in 1932. Mr. Sarnoff told of a trip to Concord, N.H. to see Senator Moses, then Republican leader in the Senate. He said he did not ask Senator Moses to do anything, he merely sought his advice.

During the conference with Senator Moses, Mr. Sarnoff said, there was no discussion of money and there was no payment of money. After the Senator retired from the Senate, he said he met him at a Gridiron dinner in Washington. Upon inquiry as to what he was doing, the Senator said that he was going to visit the Balkans, and Mr. Sarnoff asked him if he would undertake to make an economic survey there for the RCA and the Senator agreed and did make the survey, covering a period of six months, sending him a bill for \$4,000, which was paid. Later there was another six months' service at \$4,000.

Robert D. O'Callaghan, RCA counsel in the Moses-Hastings case, declined at first to testify standing on his lawyer client confidential status, but when the Radio Corporation counsel waived this right, he further refused on the ground that what he said

might tend "to incriminate or degrade him". Senator Wheeler nevertheless persuaded him to testify. O'Callaghan declared that two, possibly three members of a firm of Washington real estate brokers, received from \$1,200 to \$1,500 each because of threats to charge publicly that the RCA had hired the Senators.

Mr. O'Callaghan's testimony referred in part to an affidavit submitted to the Committee by E. O. Keller, a "contact" man, which asserted that Messrs. Moses and Hastings each received \$5,000 for their aid in getting the trial postponed; that H. C. Mahaffy, Jr., Clerk of the Federal District Court before which the case was pending, got \$15,000 for his aid in the matter, and that his brother a year later got a \$50,000 fee from the RCA for some minor legal activities for the corporation.

Mr. Keller testified that Senator Hastings had been responsible for the appointment of Federal Judge John P. Nields, jurist before whom the RCA case was pending in Wilmington. Mr. Mahaffy denied receiving any money. He told, however, of Senator Hastings inviting him to New York for a conference.

A few days later, Mahaffy continued, he (Mahaffy) sent out notices of postponement because "Judge Nields needed a rest", The judge, he said, was suffering from a bad heart condition and a severe cold. The clerk said the postponement notices had been sent out without any formal application for delay, having been filed with the court. He said he had discussed the postponement with the judge, but did not inform the latter about his visit with Mr. Hastings in New York. Mr. Keller testified that Mr. Moses had conferred with Lawrence Richey, secretary to President Hoover. Mr. Keller said Mr. Moses had informed him President Hoover and Attorney General Mitchell had refused to move for any postponement of the case at the time.

C. Edward Duffy, a former law partner of ex-Senator Hastings of Delaware, informed the Committee that Mr. Hastings told him he had to pay the clerk Mahaffy of the Federal District Court at Wilmington \$2,500 to obtain the 1932 postponement of trial of the anti-trust suit against the RCA, a postponement which led to a consent decree ending the case.

For his services in the matter, it was testified, Mr. Hastings, then a member of the Senate, received \$7,500 in all, although he never filed a motion for postponement and was engaged in the matter only three or four days. Senator Hastings characterized as "a deliberate lie" the fact that he had paid Mahaffy \$2,500.

His only activity recorded in the testimony was to ask the clerk Mahaffy to come to New York City and inform him of the state of the court's docket and how to go about applying for the postponement.

When E. O. Keller, contact man, who had made serious charges against the RCA, took the witness stand, Mr. Sarnoff changed to a seat across the room where he could face the witness. "I

object to Mr. Sarnoff changing his seat", Senator Tobey shouted.
"What difference could that make?" Senator Wheeler asked. "Might make a lot - after the signals I've seen exchanged and other things that have gone on in the room since this hearing started".
So Mr. Sarnoff returned to his old seat behind the witness.

After hearing the testimony of several real estate brokers, Senator Wheeler exclaimed "Why if the RCA wanted a postponement in a U. S. Court did they have to go about getting it through 'real estate brokers'? There are more shakedown artists in this town than any place I know." Again referring to the intermediaries Senator Wheeler said:

"What has been recorded here", he added, "should be a lesson to the RCA and every other great corporation against dealing with the scum around Washington who claim to have influence. It's getting so a Senator cannot even say hello to a person without having him go out and sell his alleged influence with him to some corporation with a problem which it doesn't know enough to try to settle in a legitimate manner."

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WILLHIE TIME PROMISED

In response to the demand of Wendell Willkie that he receive like treatment, the National Association of Broadcasters at their convention in San Francisco decided that if President Roosevelt used his "fireside chat" radio technique as a means for electioneering the broadcasters will give equal free time to rival candidates.

The burden of proof, however, would fall upon the opposition parties to show that the President had utilized his fireside talks for campaigning.

The Association's Board of Directors extended the contract of their President, Neville Miller of Washington, for one year. It was understood that the extension provided a substantial increase in salary. The former contract was to have expired in 1941.

Mark Ethridge, WHAS; Harold Hough, WBAP; George W. Norton, WAVE; Don Searle, KOIL; Harry R. Spence, KXRO; John Elmer, WCBM; Edward Klauber, CBS; Fred Weber, MBS, and Frank M. Russell, NBC, were elected to the Board.

Unanimous approval of the BMI program for defeating the ASCAP music monopoly was voted by shouting delegates at what was said to be one of the most enthusiastic sessions in NAB convention history. Theodore Streibert, Vice President of the Mutual Broadcasting System, touched off one of the several demonstrations at the session when he announced that none of the principal key stations of that network intended to use ASCAP music after next December 31.

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MRS. McDONALD PROVES A TALENTED COMPOSER

A composition entitled "Cancion" by Inez Riddle McDonald was heard in the first of a series of all-orchestral programs during August conducted by Alfred Wallenstein in the Voice of Firestone Hour broadcast on Monday evening, August 5th, over the Red NBC coast-to-coast network.

In the lilting rhythm of a Tango or Habanera, this type of composition may have suggested itself to Mrs. McDonald during her cruises in the Caribbean and to Central America. If sc, she has caught the true grace and charm of such music. It is skillfully orchestrated and should find a place in the repertoire of other fine orchestras.

Mrs. McDonald is the wife of Commander E. F. McDonald, Jr., of the Zenith Radio Corporation, Chicago. Commander and Mrs. McDonald are on their yacht, the "Mizpah" in Georgian Bay, Canada, where no doubt they had the pleasure of listening to the broadcast.

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MORE POWER FOR U.S. SHORT-WAVE STATIONS

Five additional U.S. international broadcast stations have been authorized by the Federal Communications Commission to increase power to 50 kilowatts. This makes nine such stations which are now using or are authorized to use the maximum power deemed by Commission rules necessary for satisfactory international service.

The five stations just granted construction permits for this purpose are National Broadcasting Company's stations WRCA and WNBI at Bound Brook, N.J.; Columbia Broadcasting System's Station WCBK near Wayne, N.J.; and General Electric Company's Station WGEA, at Schenectady, N.Y., and KGEI at San Francisco.

The National Broadcasting Company's stations had been using 35 kilowatts, the Columbia Broadcasting System's station 10 kilowatts, the General Electric Company's Schenectady station 25 kilowatts and its San Francisco station 20 kilowatts. WRCA operates on 9670 and 17780 kilocycles; WMBI on 6100 and 21630 kilocycles; WCBX on 6120, 6170, 9650, 11830, 15270, 17830 and 21570 kilocycles; WGEA on 6190, 9550, 15330, 21500 and 21590 kilocycles, (6190 and 21590 frequencies having just been authorized), and KGEI on 6190, 9530 and 15330 kilocycles.

Two stations were previously authorized to go to 50 kilowatts - Westinghouse Electric & Manufacturing Company's Station WPIT, which is moving to Hull, Mass., and World Wide Broadcasting Corporation's WRUL, at Scituate, Mass. Two stations are already complying with the minimum power requirement - General Electric Company's Station WGEO, South Schenectady, N.Y., 100 kilowatts, and Crosley Corporation's Station WLWO, Mason, Ohio, 50 kilowatts. The Crosley station has just been granted special experimental authorization to operate a 1 KW transmitter on frequency 6080 kilocycles, for identification only.

SEEBACH ELECTED TO WOR BOARD

Julius F. Seebach, Jr., Vice-President of WOR in Charge of Programs and Director of Program Operations for the station since 1935, was elected a member of the Board of Directors of WOR, it was announced by Alfred J. McCosker, President of WOR.

Mr. Seebach's career in the broadcasting world embraces a period of 14 years, beginning in 1925 when he assumed a post as announcer with WOR, rapidly advancing to Manager of Evening Programs. In January, 1928, he joined the Columbia Broadcasting System as Program Production Manager, remaining with that network until 1935 when he resigned his position as Director of all program operations to return to WOR in a similar capacity.

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GEN. DRUM GETS TWO-WAY COMMUNICATION CAR

The automobile of Lieut. Gen. Hugh A. Drum, commanding the First Army, is being equipped with two-way ultra-high-frequency radio telephone equipment, which will enable General Drum to talk from his moving car to any command post in the 1300-square mile New York up-state maneuvre area, or by radio and then by telephone land line to Army posts in New York or Washington.

The Army also is trying out twenty-eight of the new frequency modulation radio sets, which will be used to equip vehicles in the three corps and Army. It is hoped that the new static-free sets will improve Army communications.

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McCOSKER TO VISIT VALLEE DURING VACATION

When Alfred J. McCosker, President of WOR and Chairman of the Board of the Mutual Broadcasting System, leaves for a vacation Monday, August 12, he will visit with Rudy Vallee at the latter's lodge on Lake Kezar, Maine. He will also take a motor trip through eastern Canada with his family, and will be away for three weeks.

COST WLW \$16,000 TO COVER CONVENTIONS

WLW's bill for special coverage on the Republican and Democratic national conventions, plus refunds to advertisers for cancelled programs, ran around \$16,000. The biggest item was \$7,322.80 for cancellation of NBC network and local accounts during the Republican convention in Philadelphia. Cost of having a sixman staff and special lines for that session was \$2,160.

For the Democratic convention in Chicago, Crosley's 50,000 watter refunded \$4,329.72 for lost time on commercials and the other expense was \$2,250.

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