

July 6, 1939

NOTE TO FILE

cc - Louis K. Lear
cc - Saul Haas

RE: STATION KVI

While the matter is fresh in my mind I'd like to record here what happened, Friday, June 30, 1939.

In a meeting with Mr. Haas and Mr. Lear, in Mr. Lear's office, it was decided that we should make some direct approach to the Doernbecher family of KVI regarding our purchase or interest in their station. It was decided that I should see Mr. Earle Erwin, husband of Mrs. Boulainne (Vernice Doernbecher).

I made an appointment with Mr. Erwin and met him in the Grill Room of the Olympic Hotel about 5:30, June 30. I told Mr. Erwin that we had heard rumors to the effect that Doernbecher interests were at least considering the sale of their stock in KVI and that if such were true that we would be interested in talking to the Doernbechers and himself as a party who would be interested in the purchase of KVI.

I also conveyed to him the idea that if they were not actively engaged in negotiations for the sale of their station at the present time, that we would like to open up negotiations with him. I also told him that we had had nothing but a friendly feeling towards Mr. Doernbecher and his heirs -- that we were, and always had been gratified with our association with Columbia. I told him that we felt that it was our good fortune to become the Seattle outlet for Columbia, but that we did not want our good fortune to become their misfortune. I told Erwin of our previous attempt to be friendly and negotiate with the Doernbechers for the purchase of KVI outright -- of our offer to give the Doernbechers 40% of KIRO in return for us receiving 40% of KVI -- I told him that we wanted the Doernbechers to look at us as a friend rather than an enemy and that we would be happy to discuss with them ways and means whereby some sort of an arrangement between the Doernbechers and ourselves could be worked out which could be mutually advantageous and particularly advantageous to them.

I was very positive in impressing upon him the fact that I wanted him to tell his wife and Mrs. Doernbecher that we were interested in the purchase of KVI, if they were interested in selling -- that I felt that it was only good business that if they were interested in such an arrangement to discuss it with us.

Erwin was very friendly -- made the statement that our money was as good as anyone else's and that he would convey my message to his wife and Mrs. Doernbecher. He would not admit nor deny that


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negotiations were in progress for the sale of KVI. It seemed to me, however, that if negotiations were not in progress now or that if none were contemplated in the near future he would have denied it as I gave him plenty of opportunity. Although he acted friendly, he weighed each word before it was spoken. He did not wish to go on record, so to speak, in any fashion.

The matter was left with him that he would deliver the message and if anything further was to be done that he would get in touch with me. This note was dictated on July 6, 1939, and to date he has not communicated with me.

HJQ:eo

H. J. Quilliam



July 10, 1939

NOTE TO THE FILE
re: KVI

Judge John Kendall came in to see me today. He said that he was calling on me because he had heard from Mrs. Ed Doernbecher that I had called on Mr. Earle Erwin, her son-in-law, and that I had conveyed the idea to Mr. Erwin that if the Doernbechers were interested in selling their interests in KVI that we would probably be interested in talking to them.

The good Judge said his call was to inform me of the status of the situation --- the Doernbechers and KVI. He began by stating that he had told Mr. Haas and Colonel O'Brien on a couple occasions that he felt that when the Doernbecher estate matters were entirely straightened out that in all probability the wise thing for Mrs. Doernbecher and the girls would be to dispose of their interests in KVI.

He stated that up to this time the estate was in such shape that they could not make a transfer of their KVI stock. He said that it has been only within the last couple of months that matters pertaining to the estate had progressed to a point where he felt that something could be done in a short time about the sale of the Doernbecher interests if after consideration of any proposition which was submitted to them the Doernbecher heirs felt like selling. He said he knew that there was rumor afloat to the effect that there existed active negotiations for the sale of the Doernbecher interests but that he emphatically said that these were without foundation -- he said that they were not committed to anyone -- that no negotiations had taken place beyond preliminary conversation. He said that he had had conversation with numerous people -- as many as 12 different parties during the past two years who said that they evidenced an interest in KVI. He then went in to a rather long discussion and explanation of an attempted justification of the Seattle KVI Studios.

He made the statement that he always has felt that sooner or later as if and when that either one of the two stations (KIRO-KVI) were granted a sufficient increase in power that one or the other would be dropped from the Columbia network. He said that during all of his discussions with Columbia that they had been quite open on this point. He said that KVI would continue on as a live operating station with or without a network and that the Seattle Studios might prove as a decided asset to KVI if they were to operate as an independent station. He also said that he felt that probably Mutual would be very interested in KVI instead of KOL. Judge Kendall said that there were 1250 shares of stock in the Puget Sound Broadcasting Corporation of which the Doernbecher heirs own 1050.

He said that for tax purposes the government had made an appraisal of the stock of \$258.00 per share. He did say that he had called for a

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couple of hearings, etc., on this matter and that he felt he could settle with the government on a valuation of around \$200,000.00. He said that these figures didn't mean an awful lot in arriving at a sale price for the stock but could be used very advantageously before the commission in justifying transfer of the stock.

He said that KVI has had one peak year when its earnings exceeded \$50,000.00 but added that, "Of course, in the last couple of years, they haven't done so good". He made some other references to some year when KVI paid \$15,000.00 in dividends on a total stock valuation of \$125,000.00.

He said he saw nothing on the horizon at the present time which was disturbing to KVI. He felt that it was and would continue to be a very worthwhile property.

He touched on the subject lightly as to the desirability of KVI's transmitting site. He said that if KIRO and KVI were operating from the same site there could be some economies effected. He said that under the same management the two stations could probably prosper. According to the Judge, he said that if he had to bet on as to whether or not we would receive a permanent assignment and increase in power that he would bet that we would although he could conceive of some obstacles which might upset us.

Towards the end of his conversation he brought out the point that the Doernbecher women, all of them, may not feel too friendly towards us -- as women do -- they had laid all of their troubles at our doorstep. He said that he didn't feel this way at all himself -- that we certainly had the right to pursue our own course -- that we had done so in a very laudible fashion -- that he knew of no situations that had developed between ourselves and KVI which had been at all disagreeable. He said it we were to enter into negotiations with them that this fact would make his job much harder.

Within the last two months the Judge said, "I had a group of people interested to purchase the Doernbecher stock -- a very substantial group who had come to me with the statement that, 'when you get the estate matters straightened out we would like to enter into negotiations with you'". He said that nothing further had transpired but that this group was interested and ended his conversation by impressing me with the idea that when anything is to be done with KVI in the way of a sale that the situation is in his hands. Mrs. Doernbecher and the girls rely upon him. I explained that the very reason I went to Erwin was because I asked Erwin to convey my message to Mrs. Doernbecher and the girls and the Judge -- that we felt that a direct approach was better than skirting around in the sage and brush.

I told him that I was glad he called -- that I would discuss the matter with Mr. Haas and Mr. Lear and that we would get in touch with him. He left with the statement that that would be fine because something could be done now whereas before it could not have been.

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He went off on the Everett situation a little bit and the recent hearing here in Seattle. He principally explained to me that he had only been called into that case two days prior to the actual hearing. He tried to leave the impression that it was a little bit disgusting and a bad mess. I took practically no part in this conversation. I chose to remain as silent as possible and at the same time appearing very interested in what the Judge had to say and keep him going. The Judge tried to be very friendly about the whole matter.

This note is dictated on JULY 10. This meeting took place this morning in our office.

HJQ:eo


H. J. Quilliam

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LOUIS K LEAR PRESIDENT

QUEEN CITY BROADCASTING CO COBB BLDG SEATTLE WASH URGENT I BE KEPT INFORMED OF PROGRESS

IN TACOMA NEGOTIATIONS. THANKS YOUR WIRES. REGARDS.

SAUL HAAS

HJQ

I read this wire over the 'phone this a.m. and have mailed the original to the bank.

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MA263 10 COLLECT-SN WASHINGTON DC 6 423P

LOUIS K LEAR, PRESIDENT

1939 DEC 6 PM 1 42

QUEEN CITY BROADCASTING CO COBB BLDG SEATTLE WASH

RETEL PLEASE ADVISE EARLIEST MOMENT SUM NECESSARY FOR REMAINDER

SAUL HAAS