

NTA-National Theatres Deal: Intent upon going deeper into TV as a hedge against shrinking theatre business, National Theatres Inc., which recently acquired WDAF-TV & WDAF from *Kansas City Star* for \$7,600,000 (Vol. 14:17) and which is being master-minded in TV-radio fields by ex-CBS & Don Lee v.p. Charles L. Glett, has entered into deal to buy up National Telefilm Associates Inc. All outstanding stock of NTA, presently traded on American Stock Exchange, would be acquired, deal being contingent on at least controlling interest—with NTA to be continued as separate corporate entity.

Merger plan was announced jointly this week by National Theatres pres. Elmer C. Rhoden and NTA chairman-founder Ely A. Landau. It will be submitted late this year or early next to NTA stockholders with NTA board recommending acceptance. It was stated deal "cannot be made until certain governmental requirements have been complied with and certain consents obtained"—presumably from Dept. of Justice anti-trust div. National Theatres is nation's second biggest theatre chain, NTA has ties with 20th Century-Fox.

Big theatre firm, which owns some 300 houses in Midwest, Rocky Mountain and Pacific Coast areas, made no bones about intention to expand in TV-radio fields when it negotiated for Kansas City station, would acquire NTA's recently purchased WNTA-TV, Newark-N. Y. (Ch. 13) and KMSP, Minneapolis-St. Paul (Ch. 9). It's also a \$1,000,000 investor in Santa Monica's Pacific Ocean Park, controlled by CBS Inc. and Los Angeles Turf Club (see p. 12), is developer of Cinemiracle movie process, earned \$904,198 in 39 weeks ended June 24 vs. \$1,365,820 in same 1957 period (Vol. 14:31).

Fast-expanding NTA also operates NTA Film Network (jointly with 20th Century-Fox) feeding feature films to 114 stations; is distributor of feature backlogs of 20th Century, Paramount, J. Arthur Rank, Korda; co-produces TV films with 20th Century, Desilu, BBC. It earned \$422,006 in first half of current fiscal year vs. \$508,631 year earlier (Vol. 14:16), and in fiscal 1957 its exhibition contracts totaled \$17,720,134 which it estimates "will run approximately the same" this year.

Terms of deal call for exchange offer to all holders of NTA common (slightly over 1,000,000 shares) whereby, for each NTA share, National Theatres will give (1) \$11 principal amount of 15-year 5½% subordinated sinking fund debentures, and (2) a 15-year warrant to purchase ¼-share of National Theatre common stock at an initial price equal to \$1 below its market price on N. Y. Stock Exchange at time offer is made. However, if market price is less than \$9.50 per share, initial warrant price will be \$8.50 or such market price, whichever is lower, with warrant price to increase \$1 per year during each of first 10 years.

Both principals issued enthusiastic statements, Rhoden saying plan is "most important step forward" in implementing diversification. Said NTA's Landau: "The new association will enable us to emerge as one of the most progressive forces in the entertainment world."

Multiple-owner Todd Storz is buying KOMA, Oklahoma City (1520 kc, 5-kw) from investor Myer Feldman and associates for \$600,000. Other Storz stations are WGY, Minneapolis; WHB, Kansas City; WTIK, New Orleans; WQAM, Miami. Blackburn handled transaction.

IRS Pursues CATV Taxes: Collection instructions were sent out to Internal Revenue Service field offices this week following turndown by Supreme Court of appeal by National Community TV Assn. from ruling that initial connection payments by community antenna subscribers are ordinary taxable income to systems—not investments in them (Vol. 14:13). Supreme Court refused in June to consider case of Teleservice Co. of Wyoming Valley (Wilkes-Barre & Kingston, Pa.), which argued unsuccessfully through Tax Court and Court of Appeals that initial charges to its subscribers are "contributions to capital," therefore not subject to income tax. In IRS instructions (TIR-86), IRS Comr. Russell C. Harrington told field offices such payments to CATV systems should be regarded as "advance payments made for service and not payments for investment in facilities to be operated for an indefinite period for the benefit of the contributor." Harrington said earlier court decisions exempting utility companies from taxes on contributions by prospective customers for extensions of service don't apply to CATV cases. Teleservice "is not a regulated public utility subject to a continuing duty to provide service," he pointed out.

End of CBC Monopoly? Creation of TV-radio networks to compete with govt.-owned CBC, which had \$4,968,478 gross deficit in its last fiscal year (Vol. 14:29), would be authorized under new legislation introduced by Conservatives in Canadian House of Commons at Ottawa this week. Details of long-awaited proposals revamping monopolistic CBC system, recommended more than year ago by Royal Commission (Vol. 13:13), weren't disclosed by Revenue Minister George Nowlan in advance of House debate. But he said govt. bill would strip CBC Board of Governors of its dual powers to regulate Canadian broadcasting and run CBC. New official bodies would be established—Board of Broadcasting Governors to license private networks, CBC board to operate govt. system, but under general control of licensing board. Top board would have 3 fulltime, 12 parttime members instead of 5 fulltime members as proposed earlier by Conservative govt. (Vol. 14:18).

'Ethics' Bill Shelved: FCC "reform bill" (HR-11886) approved by House Commerce legislative oversight subcommittee (Vol. 14:33) died in full Committee this week, Chairman Harris (D-Ark.) blaming its demise on "lack of time" in last days of 85th Congress. Thus ended legislative history of this session's sensation-studded investigation of Commission by subcommittee (Vol. 14:2, et seq). Harris bill—probably broadened—almost certainly will be revived at next session. Meanwhile, subcommittee will hold interim hearings starting Sept. 16, plans to spend 2 weeks on SEC, then return to FCC cases it dropped in June. Harris said no firm schedule on resumption of FCC hearings had been set, but that among first cases on tap will be those involving Boston Ch. 5, which has been remanded to FCC by Court of Appeals (Vol. 14:31), and Pittsburgh Ch. 4.

Supreme Court appeal from Court of Appeals ruling upholding FCC deintermixture of Peoria (Vol. 14:13) has been filed by WIRL-TV, which won Ch. 8 there in comparative hearing but lost it in move of vhf to Davenport-Rock Island-Moline, being reassigned Ch. 25. WIRL-TV protested that deintermixture by FCC was "arbitrary, capricious & discriminatory," complained that Sen. Kerr (D-Okla.), 50.61% owner of WEEK-TV, Peoria (Ch. 43) used his influence to have Ch. 8 deleted to make Peoria all-uhf market.