

Don Lee Broadcasting System

Formation: December 1928.

Originators: Begun by Don Lee, Inc., a corporation principally engaged in automobile sales that connected its two owned-and-operated radio stations by telephone circuitry to create chain broadcasting.

Original Outlets: KFRC, San Francisco; KHJ, Los Angeles.

History: During Don Lee's premiering month, a trio of stations owned by McClatchy Newspapers—KMJ, Fresno; KWG, Stockton; and KFBK, Sacramento—joined the network. When McClatchy acquired KERN, Bakersfield, on November 14, 1930, that station also affiliated with Don Lee. Yet another McClatchy-owned station, KOH, Reno, Nevada, joined the chain in 1933. In the meantime, in May 1931, Don Lee, Inc., acquired control of KDB, Santa Barbara, plus ownership of KGB, San Diego, with both becoming Don Lee-operated outlets. Four separately owned stations linked with Don Lee in 1932: KOIN, Portland, Oregon; KOL, Seattle; KVI, Tacoma; and KFPY, Spokane. Beginning in June 1932, network operations and ownership of KFRC, KHJ and KGB were vested in the Don Lee Broadcasting System, a wholly owned subsidiary of Don Lee Holding Company, which was wholly owned by the estate of Don Lee (deceased in 1936). The estate also controlled KDB through ownership of its licensee's stock. Don Lee expanded beyond the Golden State into the Pacific Northwest in autumn 1937 via a contract with Pacific Broadcasting Company. (See separate entry under that network heading later in this chapter.) By 1938, there were 28 stations tied to the Don Lee network. Half (14) of those—located in Oregon and Washington—received Don Lee programming through Pacific Broadcasting. Of the remainder, all in California, three stations were owned and operated by Don Lee while 11 were affiliates. KDB, in the latter category, was under common ownership with Don Lee Broadcasting System. Sixteen years following the death of vehicle dealership-broadcasting magnate Don Lee in 1934, his 45-year-old son, Thomas S. Lee, sole heir to a \$9 million fortune, leaped to his death from the 12th floor of a Wilshire Boulevard edifice in Los Angeles. He was a "mental disorder sufferer," a newspaper reported, while being "nominal head" of Thomas S. Lee Enterprises, including radio and auto interests and TV station KTSL. His estate sold the video outlet to CBS, while in October 1950 General Tire & Rubber Company purchased three radio stations, access to a radio network that had expanded to 53 affiliates, Hollywood studios valued at \$3 million and Don Lee's MBS shares. While for all intents and purposes this brought to an end the Don Lee epoch—although the business didn't officially fold until 1967—it also helped General Tire assume majority ownership of MBS.⁷ In early 1952, the firm merged with R. H. Macy & Company's broadcasting interests and General Tire held a strong dominant position.⁸

Contracts: The typical Don Lee pact was for a precise term, with three added terms of one year each, provided both parties gave notice to extend 90 days prior to expiration. Nevertheless, the contract with Pacific Broadcasting Company was for five years although either party could terminate at the end of any year if the net income of Pacific from network business didn't equal the cost of telephone lines. While stations optioned all their time to Don Lee for network commercial programs, they weren't required to take any network shows that could obstruct a local program of sufficient public interest, convenience and necessity. For the most part, Don Lee was entitled to free time over its affiliated stations, not to exceed two hours weekly. For commercial time in excess of free time, Don Lee paid California affiliates specified percentages

commercial time in excess of free time, Don Lee paid California affiliates specified percentages of network rates. The arrangement with Pacific was different though. Pacific paid telephone circuitry costs north of San Francisco. Pacific received all revenues collected from advertisers by Don Lee for the use of Pacific facilities until such expenses were absorbed. Thereafter, Pacific received 85 percent of such net revenue from Don Lee. Lastly, there was no added charge for sustaining programs supplied to its affiliates by Don Lee.

Other Webs: Don Lee, Inc., became the CBS rep on the Pacific coast in September 1929, supplying CBS programming to its affiliates. The ties between Don Lee and McClatchy and CBS persisted to December 1936. At that juncture the five McClatchy-owned outlets left Don Lee to link with NBC and California Radio System. (See the entry for California Radio System earlier in this chapter.) Furthermore, CBS terminated its affiliation with Don Lee and established its own Pacific coast operations, directly assuming contracts with four Don Lee stations: KOIN,

KOL, KVI, KFPY. Don Lee became a "participating member" of MBS then, transmitting MBS programming to its stations. In 1940, Don Lee Broadcasting System became a stockholder owner of MBS, too. The affiliates had no direct contractual relations with MBS, receiving MBS shows only through Don Lee facilities. MBS offered service to Pacific coast stations, in fact, singularly through Don Lee.

Programming: Don Lee Broadcasting System furnished its stations with 16 hours of commercial and sustaining programming daily. Between 16 and 20 percent of the commercial features were provided by MBS with the balance by Don Lee.

Revenues: Net time sales, after agency commissions, of the Don Lee Broadcasting System and its four owned and controlled stations for 1938 were \$853,333. Of that amount, \$417,324 was derived from Don Lee network time, \$129,753 from MBS network time and \$306,256 from non-network sales of the four stations. The 28 outlets comprising the network in 1938 received \$651,352 from webs. The four Don Lee owned and controlled stations received \$547,077 (84 percent) while the 24 independently owned outlets divided the remaining \$104,275 (16 percent).⁹

Sidelights: In her Paley biography, *In All His Glory* (Simon and Schuster, 1990, p. 68), Sally Bedell Smith remembers events surrounding Don Lee's tieup with CBS involving its czar, William S. Paley, thusly: "Paley took enormous pride in winning the affiliation of a group of West Coast stations run by a wealthy Cadillac dealer named Don Lee. His accomplishment revealed no particular business savvy, but it did show what he was willing to do to succeed. Lee ordered him to California and forced him to waste nearly a week on his yacht, just so Lee could take the young man's measure. When they finally met in Lee's office, Lee refused to negotiate. 'Mr. Paley,' Lee announced to his secretary, 'is now going to dictate the terms and conditions of this contract that will exist between us.' Paley did so, and admitted later that his terms were probably overly generous to Lee."

From *American Radio Networks: A History*, by Jim Cox