

May 15, 1943

Dearest one:

The balance in the account of Claudia T. Johnson in the Marshall Bank is \$491.55. The balance in the account of KTBC in the American National Bank is \$84, after we have paid the pay roll for today, the Barron check for \$100, and the check to Andy Ring for \$168. This is getting mighty low, but I wanted to go ahead and clear as much as possible. If we get in a tight, that is if collections won't meet next Saturday's payroll, I'll use the sum in the Marshall bank.

Immediately after getting your letter I had Mr. Escoe take a check for \$100 to Barron plus a letter releasing the station from any and all claim (in two copies); also the check had written on the voucher portion "payment in full for all materials and services rendered"--or substantially that. Barron took it, and according to Escoe was mighty happy about it. That is a huge load off my mind--I'm very happy to have it settled. No word yet from Mims Radio, nor has the return receipt requested come back to us.

The Marshall bank sent me a copy of Dad's note and I am taking it to Sim's office.

John Hicks came by this morning. I liked his look and manner fine, albeit he is extremely young. Mrs. Beal is so delighted we are getting him, so is J. Mabel; I think there is a general air of enthusiasm getting around that is all to the good.

Yesterday I bought about two thirds of the clothes I shall need until Fall--total cost \$90 (charged.) I believe you'll love them and I do so yearn for you to, because you are really the only person I am interested in pleasing....I think I look right well in them. Anyway, they're not mule!!

Now to the meat of this letter....And it's some meat. I spent four hours last night (until midnight) and all morning studying our complete records on nine national accounts. It was very revealing--about the most productive eight hours I've spent since I've been here--productive of the truth, if not of money.

The accounts are largely a fiction. They are on the books for the following:



Histeon	228.75
Andrew Insko	300.00
Kellogg's	51.00
Dave Minor	156.23
Monarch Cameras	706.30
Nacor	169.28
Rum & Maple Tobacco	180.00
Silver Mirror	32.40
Waltham Fountain Pens	465.00
	<u>\$2288.96</u>

After studying them thoroughly, I think the most we have any claim to get is about \$152. Whether we can get that is exceedingly uncertain. If I were buying the accounts I would consider paying a top price of \$50 for the \$2288.96.

I have divided them into "Trash"--Rum & Maple, Histeon, and Kellogg's--on these I think we have been fully paid and do not think we have a right to claim any more; and "National Accounts for Harfield to Look Over". Of these latter, I think it possible we are due \$9.78 from Dave Minor, about \$60 from Andrew Insko, about \$50 from Nacor, the \$32.40 from Silver Mirror, and something from Monarch Cameras, depending on their mail account--we do not have carbons of the mail we sent them, so shall have to accept their own count. On the Waltham Pens, I can only say they owe us not more than \$35--whether they are actually liable for that \$35 depends again on mail count.

I can substantiate all these estimates of mine when you are here with me to go over the files--it is quite involved and detailed to try to explain it all in a letter. Here is one example:

Kellogg's "Pep" bought, through Kenyon & Eckhardt Inc. Advertising on order no. 433, 60 announcements at \$5.10 each, total \$306, to begin November 10, 1941, and expire December 19, 1941, to be broadcast twice daily Monday through Fridays during this period. The Kellogg Company paid us the \$306 less the agency's 15% and less our representative's 15% of the balance. The original of the radio contract for the time is in our file. Since January, 1942, we have been billing them for an additional \$51.00. Reason: the announcements were run on Saturdays also whereas the contract clearly stated Mondays through Fridays, making a total of 70 announcements instead of 60. Mr. Escoe got all these files together to send to the Walker Company and put on the front of each a summary of the account as he saw it. On this Kellogg's account he had: "To complete the dates on this schedule the amount of spots totaled 70 instead of 60--or one week which was not paid for." I counted out the weeks for him, day by day, and he soon saw that it is clearly 60 announcements instead of 70--except for our own mistake of having run them on Saturdays without authority or contract to do so.

All the mistakes are this simple--or nearly. Evidently the book-keeper knew nothing about keeping books or else never saw the contracts under which the time was bought and never at any time did anybody go



over her work or even inquire into it.

I asked Mr. Escoe if it was the province or duty of Mr. Caster to check into the validity of these accounts and he said no. I asked him if he had ever read these files and made a study of these accounts as I had and he said he had not--that he just assumed the book-keeper knew what she was doing and that he was "more shocked" than I was to find out today, eighteen months after most of the accounts were run, that they were a bunch of phantoms.

The accounts from which I think we might get a total of about \$150 I have together in an envelope; I shall go over them thoroughly with Harfield; he will write a letter to the Walker Company (if he thinks wise) to see what can be done about getting that much payment, and I think it would be a good idea to tell the Walker Company we have turned over a new leaf, have a new manager, and apologize for dunning them for these accounts who did not owe us anything--Rum & Maple, Hister, and Kellogg's. Also, I think I would cease dealings with Walker after this transaction is over.

The majority of these other 8 accounts were bought on a P. I. (per inquiry) basis--that is, they bought \$100 worth of time a month (or some sum) provided we brought them in enough inquiries on their product to equal 25¢ or 30¢ or 40¢ (or whatever) a certain number of inquiries on their product. In most instances it would be 25¢ to 40¢ p.i. That is, to get the \$100 we would have to produce 400 inquiries if the basis were 25¢ p. i.

In most of these accounts we simply did not produce the specified number of inquiries. We therefore went on running the advertising on what is called a "Make-Good" basis--run it until the number of inquiries is attained, at which time we are due the original contract price, but for the one month only. The book-keeper would go blithely on and on, charging the company \$100 or so a month, whatever it was, whereas we were hardly ever attaining the number of inquiries we had guaranteed them. Several of these companies have made part payments--Monarok Cameras \$84.90; Dave Minor \$43.77 ~~net~~ (net); Andrew Insko \$85 (net); Waltham \$212.50 (net). Our case, I think, is this: in several instances though we did not draw the number of inquiries required we drew a sizeable number and should be paid on a p. i. basis for those we did draw.

In one case (Silver Mirror--owes us \$32.40) straight time was bought--the agency said in order to "~~keep~~ this account on the air we would have to produce on a basis of 20¢ per 50¢ deal"--the p. i. does not appear in the contract and I think we are clearly entitled to this. We at least delivered the time if not the inquiries.

Needless to say, I wish I or someone had gone over these before we bought the station and made them come down some in price because of



these "blown up" accounts receivable. Since we did not, I think the only thing to do is not to worry about them--beyond making a reasonable effort to get the \$150--and to turn our faces forward rather than backward.

Mr. Escoe knows what I think of him for his ignorance, slovenliness, and inability to read ~~of~~ contracts or count days.... Since he is leaving in a month it is hardly worth while to tell him in any detail how criminally negligent I think it was to let \$2200 stay on the books for 18 months when it meant next to nothing.

Must run now. Am all agog about Monday and our new plans, new place, and new personnel.

Your far too devoted