

# Office Memorandum - UNITED STATES GOVERNMENT

TO : Malcolm R. Wilkey, Assistant Attorney General,  
Criminal Division

DATE: December 11, 1959

*RJL*  
*12.11.59*

FROM : Robert J. Rosthal, Deputy Chief,  
General Crimes Section

RJR:rw

SUBJECT: Request for Investigation in "Payola";  
Alan Freed, [REDACTED] Fraud by Wire

*(6) [unclear]*  
*MORRIS LEVY*

As requested, I have prepared a draft memorandum to the FBI requesting investigation into the Alan Freed [REDACTED] situation. You will recall it was decided to limit the draft to Freed alone in view of the racketeer influence which appears in this particular matter.

36-012-3	
DEPARTMENT OF JUSTICE	RECORDS
14 FEB 16 1961	
RECORDS DIVISION	

**FILE**

Received

AAG Criminal

*281*

# Office Memorandum • UNITED STATES GOVERNMENT

TO : Director,  
Federal Bureau of Investigation

DATE:

FROM : Malcolm R. Wilkey, Assistant Attorney General,  
Criminal Division

MRW:ELA:bg

SUBJECT: Request for Investigation in "Payola"

In connection with this matter, we have been informed that record companies engage in the practice of paying disc jockeys, as well as program directors, to play on their radio or TV programs records owned by the record companies. In our view, and for the reasons hereinafter discussed, these payments may constitute a violation of 18 USC 1343, the fraud by wire statute.

The playing of the records, under the circumstances discussed above, is in fact an advertisement for which the disc jockey or the program director receives a monetary compensation. That the practice is disapproved by radio and TV stations clearly appears from the stories appearing in the press that some disc jockeys have been dismissed. If the compensation is for an advertisement of the records by the disc jockeys and program directors, the money properly belongs to the radio or TV station whose facilities were utilized. And if the money is not received by the station, then the station is defrauded of money and property, the instrumentalities of interstate communication being employed in the scheme, i.e. the broadcast of the records.

It has been reported in stories appearing in "Time" (November 23, 1959) and "Life" (November 23, 1959) that "payola" exists to a considerable proportion. And, the New York "Times" carried stories that Alan Freed, a disc jockey on radio station WABC, New York, and TV station WNEW had been dismissed from both stations for refusing to sign an affidavit that he had not accepted "payola". Also, it was reported recently in the press that several disc jockeys in Detroit, Michigan, and Philadelphia, Pennsylvania, had been dismissed, the intimation being that they had accepted "payola".

While we refer to the "Time" and "Life" articles for your guidance in the investigation which we request, we desire for the present that the investigation reach: (1) Freed; (2) the Detroit disc jockeys; and (3) [redacted]

*all deletion  
(6/7/61)*

*Tom Clay*

*MORRIS  
cey*

36-612-3	
DEPARTMENT OF JUSTICE	
14	FEB 16 1961
RECORDS	

**FILE**

*2X*

Lead... notes in the center... Bob Throck

buy CORAL  
SUNDAY SIDE FARMS -

(1)  
Freed

Roulette  
wanted  
to go  
public

Freed, we gather, is a well known disc jockey in New York. We desire that he be fully interrogated to determine whether he accepted "payola", the amounts of the payment and from whom received. In this connection, we are advised by the Securities and Exchange Commission that Roulette Records, Inc. had under consideration the obtaining of additional financing and conferred with SEC officials with reference to a registration statement. During the course of the conference, representatives of Roulette Records, Inc. stated: (a) that Freed was indebted to Roulette for \$18,000, the collateral being a second and third mortgage on his, Freed's, home; (b) that

(c) that [redacted] business manager for a local electrical workers union in New York, owned five per cent (5%) of Roulette stock; (d) that [redacted] has a racketeer or gangster background; (e) that Freed once had a stock interest in Roulette, Inc.; (f) that [redacted] was allowed to buy stock in Roulette to secure Freed's help in "pushing" Roulette records; (9) that Freed would "push" Roulette records; (h) that Freed received at no expense to himself a twenty-five per cent (25%) interest in a record company from one [redacted]

Phil  
KANE  
?  
Henry or  
possibly  
Jack  
Hoke

We wish the association of Freed with the Roulette Company, as well as the company in which Freed received a twenty-five per cent (25%) stock interest from [redacted] fully explored with a determination of the "payola", if any, made by them to Freed.

Bens Hoberman [redacted] manager of station WABC, terminated Freed's contract and it is requested that he be interrogated fully concerning the reason for Freed's dismissal and information known to him (or the station) which suggested that Freed execute an affidavit concerning "payola". If it is developed that record companies made the payments, we desire to know how the payments were carried on their books.

(2)  
The Detroit Disc Jockeys


Tom CLAY

We learn from the press that radio station WJBK dismissed disc jockey [redacted] for accepting "payola" and that station WJBK, TV, dismissed disc jockey [redacted] for the same reason. We learn also from the same source that disc jockey [redacted] resigned from radio station WJBK, it being intimated that he had accepted "payola".

We request that the officials of the stations in question be questioned to ascertain their knowledge of illicit payments to the disc jockeys, by whom, when, and in what amounts. Equally, we desire that the disc jockeys be fully interviewed along the same lines as the officials of the company. And if it is determined that the payments were made by certain record companies, we desire to know what officials made them and how the payments were carried on the books of the record company.

*Hoake  
Admits he  
was inter-  
viewed by  
the F.B.I.*

(3)

 a disc jockey on radio station WIBG, Philadelphia, Pennsylvania, is reported to have accepted "payola" for which he was dismissed by the station. We desire full investigation of payments made to him and along the lines suggested for Freed and the Detroit disc jockeys.

In making suggested areas for investigation in these three matters, we do not wish to be understood as limiting the investigation. At a later date we may desire exploration of other instances of "payola" but, for the present, we desire to know the pattern as indicated in these three instances. In this connection, our attention has been directed to an article in the New York "Times" (November 21, 1959) stating that officials of King Records, Inc., Cincinnati, Ohio, asserted that their company had made payments to "between twelve and fifteen disc jockeys around the country". It would be appreciated if you determined whether that company made any payments to the disc jockeys to be covered in this investigation.