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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

1960  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 16, 1952  
DATE

REF : Embassy despatch No. 1410, February 29, 1952.

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SUBJECT: RHC Radio Network Sold To American Interests.

Recent press reports have carried the announcement that several Americans have purchased the RHC Cadena Azul network from Amado TRINIDAD for one million dollars. The leader of this group is reliably reported to be Ben Marden, former owner of the RIVIERA nightclub outside New York City. The new president of the RHC network, which consists of 12 stations located in all six provinces of Cuba, is Edmund A. Chester, former Vice President of the Columbia Broadcasting System. Another prominent American broadcaster, Mr. Clarence G. Alexander, of the Dumont Television network, has been appointed manager of RHC.

In addition to its radio stations, the RHC network owns valuable television permits; it has been licensed to construct and operate television stations at the following cities in Cuba:

<u>Location</u>	<u>TV Channel</u>
Habana	11
Matanzas	13
Santa Clara	8
Ciego de Avila	10
Camaguey	12
Santiago	13

The purchase of this mass advertising media by American interests has aroused a certain amount of resentment among Cuban broadcasters who see in it a dangerous precedent which might lead to other sales of Cuban radio and television stations to foreigners. Cuban law prohibits the ownership of radio stations by foreigners acting in their own name, but it does not forbid aliens from purchasing stock in a broadcasting company.

There is attached a memorandum regarding the details of the transaction that led up to the sale of the RHC network to Ben Marden and his associates. A copy of Edward Scott's comments on

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this deal, as published in the HAVANA POST on April 22, is also enclosed.

For the Ambassador:

*Raymond L. Harrell*  
Raymond L. Harrell  
Attaché

Enclosures:

- Memorandum of May 16, 1952
- Copy of excerpt from the HAVANA POST of April 22, 1952.

Memorandum

Purchase Of RHC Network By American Interests

The following information regarding the purchase of the RHC network by American interests was obtained from Goar MESTRE, Director of the CMQ network.

1/ A few months ago, Gaspar PUMAREJO, who had sold his radio and television interests (Union Radio) conceived the idea of selling the RHC network to American interests. After agreeing with RHC's owner, Amado TRINIDAD, on a selling price of \$1,500,000, out of which he was to receive a commission of \$150,000, Pumarejo approached Ben Marden who appeared interested in the proposition. Before closing the deal, however, Marden declared that he would like to have the network appraised by an independent expert in order to determine whether it was worth \$1,500,000. Mr. Elliot Roosevelt was engaged to make this survey.

At this point, President PRIO, who was supposed to have been included in on the deal, is reported to have balked at Marden's antecedents and refused to approve the plan which included the issuance of TV licenses to RHC at six cities in Cuba. It is more likely that he disapproved the proposal because his percentage was not large enough.

When President Prio refused to allow Ben Marden to buy RHC, Elliot Roosevelt conceived the idea of buying it himself. The plan was approved by President Prio and Mr. Roosevelt got a release from Ben Marden when he agreed not to present a bill for the cost of the survey, which was reported to be about \$30,000. Mr. Roosevelt made an attempt to raise funds from Cuban and American interests but he was not successful and the March 10 change of Government brought his negotiations to an abrupt conclusion.

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1/ Pumarejo sold Union Radio, which was in debt to the extent of about one million dollars, and which was losing money on both its radio and television operations, to Manolo ALONSO, Director of the "Noticiero Nacional," for \$150,000 (\$50,000 in cash and \$100,000 in notes).

It is reliably reported that President Prio was backing Alonso in this project. On April 20, 1952, after the change of Government, Union Radio was sold to Amadeo BARLETTA, owner of the influential EL MUNDO newspaper.

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When President BATISTA assumed power, Gaspar Pumarejo again saw a chance to earn a commission on the sale of the network and with this in mind, approached the new Chief Executive for his backing. About this time, Edmund A. Chester of the Columbia Broadcasting System came to Habana to interview his old friend, President Batista, for CBS. Apparently the purchase of RHC was discussed and for about a month Pumarejo and Chester worked together on the proposed sale which was to be financed by Ben Marden, possibly with President Batista receiving a percentage.

Chester and Pumarejo quarreled, however, over who was to be president of the network and the latter withdrew from the organization.

With the financial backing of Ben Marden, Edmund Chester purchased all the shares of RHC from its sole owner, Amado Trinidad, for approximately one million dollars.

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From the HAVANA POST,  
April 22, 1952.

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Ed Chester Comes Back Home

Chester showed up in Havana several days after the change of Government on March 10 and there were a number of ill-disposed persons who wondered if the circumstances were not somewhat related. Well, it's true that General Batista and Ed Chester are old and dear friends and what would be more natural than that the former should ask his pal Ed to come down and have a daiquiri, in the very special circumstances. During World War I, Chester was a first sergeant of artillery with the U.S. Army in combat in France and it seems that ex-Sergeant Batista has a soft spot for all three stripers, past, present and future.

This man Chester really has been around and about in the newspaper game and all along the line he has friends of the caliber of Batista and other presidents, ex-presidents and presidents-to-be throughout this Hemisphere. Ed started work 37 years ago on the Louisville Courier Journal and when he was 21 years of age, he was made city editor of the Mobile Register.

After working for the AP for about a year, he was transferred to the Latin American desk in New York--that is after they found out that he had an advanced knowledge of Spanish. In 1933, he was sent to Havana in charge of the AP Bureau, and three years later was elected vice president in charge of news, administration and everything else concerning AP's interests in Latin America.

In 1940, when the Columbia Broadcasting System wanted to go into international operation in a big way, they made Chester an offer which he could not refuse.

A couple of weeks ago, however, Ed made a change. He likes Cuba, is fed up with the heat of Manhattan, and now he is back here to stay. For a number of years he has been interested in securing control of some business in the radio or newspaper field in Havana and one project which attracted his eye was RHC, "The Cadena Azul." Comparatively recently word was published in the U.S. that Elliot Roosevelt was negotiating for RHC and some American financiers asked Ed if he would enter the bidding for them.

I have to confess that I am not up on the details but before the smoke of battle cleared away, Ed and his Cuban and American associates had effective control of RHC. The names of the Americans

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involved so far have been kept in reserve but the head of the Cuban group is Gaspar Pumarejo who organized Union Radio.

Under the new deal -- the Chester-Pumarejo deal-- it is proposed to reorganize the entire network which comprises twelve stations in six provinces of this Island, go into television.

Let the record show that I was gauche enough to ask Chester about a rumor in circulation to the effect that a very important Cuban who used to be a sergeant in the Army, has a financial interest in this RHC project. Ed showed no surprise and laughed comfortably. "Let 'em eat caviar," he said, "I suppose it's normal that people would talk that way. Sure he's a friend of mine. We've been friends for years--when he was on the bottom and when he was on the top and when he was no longer on the top. The way it is about RHC is the way I told you--and watch us go."

Well Ed, we're watching--watching and wishing you good hunting and all the luck in the world now that you've come back home.

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