

# W5YI

Nation's Oldest Ham Radio Newsletter

## REPORT

Up to the minute news from the world of amateur radio, personal computing and emerging electronics. While no guarantee is made, information is from sources we believe to be reliable. May be reproduced providing credit is given to The W5YI Report.

Telephone: (817) 461-6443

Fred Maia, W5YI, Editor, P.O. Box 565101, Dallas, TX 75356-5101

### ★ In This Issue ★

**"Family Radio Service" Proposed  
ARRL's Reply Comments on 2.4 GHz  
FCC's Fining Standards Illegal!  
Massive Spectrum Auction Underway  
Amateur Radio Call Signs to July 1st  
Crisis at Wayne Green, Inc.  
Music, Magazine & IRS Woes  
Conversation With W2NSD/1  
Fugitive Ham Hacker at it Again  
Marketing of Scanners Capable  
of Receiving Cellular Phone Calls  
FCC Field Enforcement Activities  
...and much, much more!**

Vol. 16, Issue #15

\$1.50

PUBLISHED TWICE A MONTH

August 1, 1994

## Radio Shack Proposes New "Family Radio Service" *Unlicensed Radios Would Be Placed In GMRS Band*

On July 20, the Radio Shack division of Tandy Corporation filed a Petition for Rule Making with the FCC to use UHF spectrum for a new Family Radio Service (FRS) "without the burdensome licensing and technical requirements of existing radio services."

"Parents will have an extra measure of security by using FRS to monitor their children at play," Tandy said. "Families and friends will be able to maintain close contact at sporting events, shopping malls, parks and between vehicles during trips. Impromptu groups will be able to communicate conveniently using FRS for activities such as fund raising and social events."

FRS would use 500 mW radios on 16 channels in the General Mobile Radio Service (GMRS) - a licensed personal radio service for individual use (FCC Part 95A). GMRS has eight "primary" frequency pairs at 462 and 467 MHz for repeater and "direct" (simplex) communications, seven low-power, direct-only "interstitial" frequencies at 462 MHz in-between the primary frequencies, and 7 interstitial frequencies at 467 MHz in reserve for advanced systems.

GMRS was one of the earliest mobile radio services, pre-dating CB and most of the business services by many years. The licensing rate in GMRS has increased as the cost of GMRS equipment has come down and as more GMRS repeaters go on the air across the country.

The consumer electronics giant called the GMRS licensing requirement an "impediment", however, and said the "ultimate success" of FRS "hinges upon it being an unlicensed service." Tandy cited the "significant cost savings" and 'substantial administrative savings" that the FCC realized from de-licensing CB radio.

FRS would gain all 14 interstitial frequencies plus two of the primary repeater frequencies. Tandy said the frequencies would accommodate a "large number of new users." Unlicensed FRS owners would have access to licensed GMRS repeaters, a proposal that could alarm repeater licensees.

"Tests have been conducted in numerous situations, both in - and outdoors, including residential and shopping areas, office buildings, sporting arenas, open fields, across water, vehicle-to-vehicle, and recreational venues such as parks and playgrounds," the company said. "Just recently, Tandy tested FRS at the Walt Disney World theme park in Orlando, Florida with great success. Tandy has determined that a transmitter power of 500 milliwatts will provide reliable clear communications while allowing the unit to operate for only pennies on small dry cell batteries."

Two years ago we reported (*W5YI Report*, Aug. 15, 1992, page 7) that Tandy/Radio Shack had plans to import and distribute one and two channel GMRS transceivers. These low power

entry-level units were crystallized on 462.7125 MHz. The two channel radios had one additional channel. Tandy said at the time that the intended goal was to provide step up personal short range communications from unlicensed 49 MHz and 27 MHz CB. Purchasers had to acquire GMRS licenses.

The company told the FCC, "In much the same way as the 'codeless' license was conceived as a way to participate at the entry level in the Amateur Radio Service, FRS will provide users with exposure to the additional features and capabilities of GMRS. Some FRS users will choose to upgrade to that more powerful, licensed service."

"Anecdotal evidence suggests numerous unlicensed users are operating in spectrum assigned to licensed services such as GMRS and the Amateur Radio Service. Establishing FRS will provide a legitimate service which should help mitigate the unauthorized loading on those bands."

The FCC had not issued a rule making (RM) number to the petition at presstime.

## ARRL WRAPS UP 2.4 GHZ COMMENTS

The American Radio Relay League has tied the ribbon on the FCC's and NTIA's controversial 2.4 GHz reallocation proposals by concluding that more radio services can't be added to the bands without disrupting ham use. When an association of highway officials claimed that the 2400-2402 MHz segment is all amateurs should need in this band, ARRL described the association as incompetent and its conclusion irresponsible.

The agencies are investigating reallocation of several bands including parts of the 2.4 GHz band from federal use to future commercial use, to meet the need for jobs and economic growth. The future of amateur and Part 15 unlicensed products that share the band is worrying hams and Part 15 manufacturers. But hams are not unprotected, thanks to ARRL lobbying that obtained certain requirements. Federal law now requires that any such reallocation:

- (1) Avoid excessive disruption of amateur operation on reallocated Federal Government frequencies;
- (2) Include a determination of the extent to which commercial users could share with Amateur Radio; and
- (3) Substitute other frequencies for proposed reallocation frequencies if reallocation will disrupt the existing use of federal bands by Amateur Radio.

ARRL said that commenters "offer a grim view of the potential for additional nongovernment use of the 2390-2400 and 2402-2417 MHz bands, should NTIA finalize the reallocation. The band is not suitable for

additional non-government users, according to a wide variety of commenters, including land mobile companies, Part 15 manufacturers, Radio Astronomy representatives, and radio amateurs."

"Those commenters such as COPE [a land-mobile radio group that desires more spectrum] which suggest additional use of the bands for emerging technologies fail to recognize the limitations in the use of the band imposed by Federal statute and by the existing uses of the band," ARRL said. "(C)ompatible sharing between and among expanding ISM and Part 15 users and increasing numbers of radio amateurs on the one hand, and commercial land mobile users on the other, is not feasible. No commenter which suggests additional non-government users of the bands at issue has addressed the statutorily-mandated determination that the Commission must make: the extent to which additional commercial users can share with amateur users. Indeed, COPE candidly admits that it has no information on the subject, but asks for significant allocations for land mobile operation anyway."

In its pending inquiry, the FCC asked commenters to address the impact on amateur operations of the reallocation of portions of the 2.4 GHz spectrum. The NTIA proposes to retain, however, the 2400-2402 MHz segment for amateurs.

The American Association of State Highway and Transportation Officials (AASHTO) said that "the two megahertz segment at 2400-2402 MHz is sufficient to avoid excessive disruption of existing Federal Government frequencies by amateur service licensees [sic] and should be sufficient for existing amateur satellite operations."

To this, the ARRL replied: "This type of unsubstantiated conclusion is irresponsible and must be discarded completely. AASHTO does not make any attempt to evaluate the compatibility of its proposed use (highway maintenance and public safety communications systems) with amateur operations."

"It does not even indicate that it has as much as passing familiarity with amateur communications systems in the band. It is under the circumstances incompetent to respond to the issue, and should have drawn no conclusions at all on the subject."

## COURT HOLDS FCC FINING STANDARDS ILLEGAL!

A federal appeals court has ruled that the forfeiture standards used by the Federal Communications Commission over the last three years are improper. On August 1, 1991, the Commission released a policy statement (FCC 91-217) which set forth new standards for assessing fines. The system provided for violation "base amounts" which could be adjusted up or down "...depending on the nature, circumstances, extent and gravity of the violation, degree of culpability,

history of prior offenses and ability to pay."

The court said the agency's failed to consider public comment before implementation as required under the *Administrative Procedures Act*. Prior to the summer of 1991, the FCC field offices had delegated authority to impose fines only up to \$2,000. That authority was increased to \$25,000.

The FCC said at the time that its new forfeiture schedule was intended to "...aid our enforcement efforts by making clear in advance the likely consequences of violations."

It is unclear how the more than 3,000 individual fines issued over the last three years, fines yet to be paid and pending cases will be affected.

**FLOODING IN GEORGIA:** The Atlanta FCC Engineer-in-Charge has established liaison and assistance to the FEMA Operations Center in Atlanta and the Georgia Emergency Management Agency. The Engineer-in-Charge has reported no major problems with the public switched telephone network which has had only minor short term outages. Three broadcast stations in Americus, Georgia are off the air, and the FCC offered to assist the stations with special requests to restore service. Due to the heavy communications traffic on emergency net frequencies, the Engineer-in-Charge has declared a volunteer Communications Emergency at the request of the Red Cross and American Radio Relay League. The frequencies between 3972 and 3978 kHz are to be used exclusively for emergency message traffic until the state of emergency has ended.

**WORLD CUP INTERFERENCE PROBLEMS:** For the most part, precautions taken to coordinate the thousands of additional communications transmitters brought into the nine cities hosting World Cup soccer games have been successful in avoiding interference problems in those cities. There was a problem, however, in the Dallas, Texas, area which is the communications "hub" for the games. The communications provider for the games complained to the FCC that they were receiving interference on a communications maintenance channel.

FCC engineers from the Dallas, Office quickly responded with a portable direction-finding package and pinpointed the signal to a scanner receiver used by the complainant. In a more serious case, the Boston Office cleared up an interference problem created by World Cup communications to Eastern Edison utility trucks which were trying to receive instructions about where to make power line repairs during a serious thunderstorm. FCC intervention resulted in the World Cup moving to an alternate frequency.

**COAST GUARD FEEDBACK:** The Tampa Office responded to a complaint from the Coast Guard in Jacksonville, Florida, that their new communications system

was receiving interference from local broadcast stations. After a four-hour drive to Jacksonville, the FCC investigators met with the Coast Guard's communications service company personnel who had been unsuccessful in eliminating the interference problem. The FCC engineers, using a spectrum analyzer and cavity-tuned filter, demonstrated that the Coast Guard's new system was not functioning properly and errantly picked up the broadcast signals.

**ASSISTANCE TO FLORIDA COMMISSION:** The FCC Tampa Office found that a defective paging transmitter was producing an unwanted signal that interfered with the radio communications used by the Florida Game and Fresh Water Fish Commission. FCC engineers were challenged by the fact that the signal was only intermittent and would reappear on different frequencies.

**SECRET SERVICE INTERFERENCE:** Officials from the White House Communications Agency contacted the Denver Office to complain about interference in the Denver area. They told FCC engineers that communications equipment used by Secret Service agents protecting the Vice-Presidential motorcade was seriously affected by unknown signals on two frequencies. FCC investigators using direction-finding techniques identified the problem as a common carrier paging transmitter in Cherry Creek, CO. The paging system licensee agreed to limit operations for the duration of the Vice-Presidential visit.

**INTERFERENCE TO FIRE FIGHTERS:** The Douglas, AZ, office received a request from the U.S. Forest Service in the Colorado National Forest in Southeastern Arizona to help them eliminate a communications problem they were having with portable repeater stations they had brought into the area to coordinate fighting wildfires. The interference posed an immediate threat to the safety of the lives of the fire fighters and, using mobile radio direction-finding units, immediate action was taken by the FCC to trace the source of interference.

**ABANDONED RADIO STATION:** Recent field surveys have indicated that many AM directional stations are not properly maintaining their signal patterns. As a result, FCC inspectors have been randomly inspecting these stations to encourage compliance. The Dallas Office sent an inspector to Denison, TX, to check an AM/FM station and was surprised to find that the station was operating completely unattended. The station did not change to its nighttime pattern, had no disc jockey, and no one watching the EBS receiver. Pre-recorded programming and commercials were brought in periodically by an employee, but the station had no telephone or apparent contact point. FCC inspectors

finally tracked down the station manager who explained that times were hard and he had to lay off the station's employees. A violation notice is being prepared and further action will be coordinated with the Mass Media Bureau.

**FCC ALERTS CUSTOMS OFFICE:** FCC investigators in Detroit passed along a tip to the Tampa office that a shipment of illegal radio transceivers was being imported through Jacksonville, FL, Customs Office. FCC inspectors inspected the shipment and uncovered approximately \$250,000 worth of CB radio equipment that had been modified to operate on several out-of-band frequencies. Additionally, Customs has issued a recall order to the importer for an additional four shipments that had been released prior to the FCC investigation. The FCC and Customs authorities are considering whether to have the equipment destroyed.

### FCC TO CONDUCT MASSIVE AUCTIONS

By now you have probably heard that the FCC is about to auction radio spectrum to the highest bidder. The Commission has been pumping the public relations machine for the last several months, advertising in newspapers and promoting its forthcoming auction as one of the largest sales of public property ever.

Once dismissed by Democrats as a radical GOP proposal or a sellout to corporate greed, the auction of U.S. airwaves has finally been authorized by Congress and will take place July 25-29, 1994 in Washington's Omni Shoreham hotel.

The FCC will not auction "spectrum" per se. Auction winners will not be able to choose the radio service in which to use the spectrum. In fact, the FCC will auction licenses only - licenses in two unusual radio services that have only just been created. No one knows how valuable these licenses will be or whether successful businesses can be built with them.

One thing seems certain, however: the federal government will take in millions from bidders hoping to capitalize on America's seemingly endless desire for wireless communications.

Narrowband Personal Communications Service (NB-PCS) licenses will be auctioned first, with registration on July 24 and the auctions on July 25, 26 and 27. NB-PCS is the culmination of years of FCC proceedings looking toward developing an advanced, high-speed "beeper" service to compete with the existing VHF and UHF services.

Narrowband PCS will include advanced voice paging, two-way acknowledgment paging, data messaging, and both one-way and two-way messaging and facsimile.

The other licenses to be auctioned belong to the Interactive Video and Data Service (IVDS), which is

actually one of the FCC's Personal Radio Services in Part 95 of the Rules. The other Personal Radio Services are CB, Radio Control, and the General Mobile Radio Service - but IVDS is nothing like those other services.

When the Amateur Radio no-business rules were liberalized, wags said ham radio would become the "Pizza Radio Service" - because it became legal to use your amateur station to order fast food to go. IVDS, however, could seriously be described as a Pizza Radio Service. With IVDS you will be able to order food and other merchandise by radio in the 218-219 MHz band.

The FCC said, "IVDS is a new short distance communications service in which licensees may provide information, products or services to individual subscribers located at fixed locations, and these subscribers may provide responses... Subscribers will be able to choose the camera angle during a sporting event, pay bills, shop-until-they-drop at malls, choose endings to TV shows, check college catalogs, play video games, choose movies on demand, or order a pizza with or without toppings... Approximately 600 IVDS licenses will be auctioned in July."

EON Corp., Reston, Va. (formerly TV Answer) conceived IVDS as an interactive television service that would permit home shopping and other viewer transactions. The experimental TV Answer service permitted cable TV subscribers to vote on favorite rock videos. Special TV programs prompt the viewer to buy or react. The viewer responds through a hand-held remote control to a Response Transmitter Unit (RTU, a set-top radio in the home), which sends data to Cell Transmitter Stations (CTS) where the IVDS licensee relays them to the program or service provider.

Under liberal FCC rules, IVDS applications need not have anything to do with television. The system must be used only in the form of fixed stations, however. EON asked for permission to use mobile IVDS radios, which the FCC rejected as inconsistent with the purposes of the service. The company returned several months later with a formal Petition for Rule-making for the same request, which is now pending at the FCC.

Few equipment manufacturers or system developers other than EON have publicly expressed interest in IVDS, though the situation may change as the FCC grants IVDS licenses. The FCC issues two IVDS licenses (500 kHz each) in each geographic market.

Ultimately, the Commission will issue a total of approximately 3,500 narrowband PCS licenses and approximately 1,400 IVDS licenses. Later, it will auction licenses for Broadband PCS, the coming competitor to cellular telephone, and other services as yet unannounced.

## AMATEUR RADIO CALL SIGNS

...issued as of the first of July 1994:

Radio District	Gp.*A* Extra	Gp.*B* Advan.	Gp.*C* Tech/Gen	Gp.*D* Novice
0 (*)	AA0RE	KG0NM	(***)	KB0NHL
1 (*)	AA1JH	KD1VH	N1SCZ	KB1BIG
2 (*)	AA2SM	KF2VW	N2ZDJ	KB2QZR
3 (*)	AA3HY	KE3NH	N3SFO	KB3BCL
4 (*)	AD4SV	KR4TT	(***)	KE4MXM
5 (*)	AB5UN	KJ5YG	(***)	KC5HFC
6 (*)	AC6CT	KO6DF	(***)	KE6IFY
7 (*)	AB7CQ	KI7ZD	(***)	KC7DBL
8 (*)	AA8OZ	KG8JG	(***)	KB8TAT
9 (*)	AA9KY	KF9WC	N9XGH	KB9IYT
N.Mariana Is.	KH0D	AH0AS	KH0CS	WH0AAY
Guam	WH2E	AH2CU	KH2JW	WH2ANX
Johnston Is.	AH3D	AH3AD	KH3AG	WH3AAH
Midway Is.		AH4AB	KH4AG	WH4AAH
Hawaii	(**)	AH6NI	WH6UZ	WH6CRG
Kure Is.			KH7AA	
Amer. Samoa	AH8J	AH8AG	KH8BF	WH8ABB
Wake W.Peale	AH9C	AH9AD	KH9AE	WH9AAI
Alaska	(**)	AL7PQ	WL7ST	WL7CHQ
Virgin Is.	WP2N	KP2CC	NP2HM	WP2AHU
Puerto Rico	(**)	KP4WW	(***)	WP4MPP

**CALL SIGN WATCH:** \*=All 2-by-1 "W" prefixed call signs have been assigned in all radio districts.

\*\*=All Group A (2-by-1) format call signs have been assigned in Hawaii, Alaska and Puerto Rico.

\*\*\*=Group "C" (N-by-3) call sign formats have now run out in all but the 1st, 2nd, 3rd and 9th call sign areas.

[Source: FCC, Gettysburg, Pennsylvania]

## SPECIAL REPORT: CRISIS AT WAYNE GREEN, INC.

The evidence of severe financial problems is piling up at the offices of Wayne Green, Inc., Peterborough, NH. Green, W2NSD/1, of course, publishes *73 Magazine* (now in its 33rd year) and *Radio Fun*, a tabloid for new hams.

In our May 15th *Report*, we mentioned a letter that Green sent out in April asking creditors to work with him while he was "...solving the problems..." His version was that it was the "...money losing [music] CD manufacturing division that caused the problem."

Green's company has sustained a growing loss in employees as well through terminations and layoffs. Reportedly he had a high of about 70 employees in 1990. That has dwindled to some 15 employees today.

## GREEN'S SOUR NOTES

Fiscal difficulties at WGI have been building since January 1992 when some 25 people were laid off.

From 1991, Green became increasingly involved in the music business. He published some music magazines and got involved in record production. Green, who considers himself a music authority, even started a couple of record labels, *Greener Pastures Records (GPR)* and *Green With Envy (GWE)*.

He also had a *Music New Hampshire* mail order division. There certainly were a lot of irons in the fire. While good ideas were there, top managers and company officers with ability to manage the various profit centers reportedly were lacking.

In December 1992 another 20 staffers were let go. Wayne has blamed all of his current problems on a controller whom he fired. Our understanding is that is not really true. It appears that Green himself was asleep at the wheel. The company was indeed run by Wayne and his Vice President and General Manager, Jim Kendrick.

Kendrick took over management of the music side of Green's business in the Spring of '94 trying to pull it out of the fire. Kendrick left the company in June under ambiguous circumstances known only to Green and Kendrick. It is unclear whether Kendrick pulled up roots himself or whether Green fired him. At any rate, Kendrick handed the music side of the business back to Green in June.

His IMPS (*Independent Music Producers Syndicate*) mail order business has declined seriously, and both of his record labels and music magazines have ceased publication. *IMPS Journal* was distributed to approximately 5,000 independent record labels and manufacturers. *Music Retailing's* subscription base was some 8,000 record store owners and chains. *IMPS Journal* ceased publishing in March 1994, *Music Retailing* in June 1994 ...both after some three years of publication.

A former staffer told us about a suit last year against Green by the RIAA, (*Recording Industries Assoc. of America*.) It seems that his IMPS "vanity" music operation was pressing music CD's at a discount for musicians. A pirate came in and slipped in a couple of "...very familiar top-40 hits which should have been recognized." The RIAA allegedly went after Green because he had been outspoken in some *Music Retailing* editorials. Digital audio media now has a royalty built in which supposedly is to protect recording artists who have their work illegally copied. Wayne opposed that legislation and apparently suggested that selling music might theoretically be legal if a royalty had already been paid on the blank media. RIAA took that to mean that Green was advocating piracy and filed suit. Usually the CD manufacturer is not responsible for unauthorized copies. After this incident, Wayne tightened up his operation and began looking for license agreements.

Green even went as far as to hang out his own shingle with a small CD outlet in the same building as WGI. It has attracted very limited sales.

## COLD FUSION

In December 1993, Wayne joined forces with an outside investor to begin a magazine called "*Cold Fusion*." Its premier issue carried a May 1994 cover date. The magazine, an 80-page glossy with 4-color, also published a June and a July/August issue. It was circulated internationally through subscriptions and newsstand distribution.

This monthly publication (\$58 a year) is aimed at advancing the science and technology of commercial and private development of cold fusion as an energy alternative. "Cold Fusion" is a physical process which proponents claim generates thousands of times more energy that can possibly be explained by ordinary chemical reactions (i.e. more energy comes out than goes in for long periods of time.). "Cold fusion" researchers around the world continue to report unusual nuclear effects and products in their experiments which should not be appearing in allegedly chemical systems. They say this is not perpetual motion because it is believed that an explanation will be found and there are about a dozen theories to explain this puzzling phenomenon.

The publication was born when an out-of-state investor in the field of cold fusion (who also is a ham operator) got together with Green and formed a partnership to publish "*Cold Fusion*" magazine. The arrangement was supposed to be an even sharing of expenses with 50/50 ownership. The investor contributed a significant amount of cash to get the publication started.

There is a difference of opinion, however, as to whether Green has really fulfilled his part of the bargain. It now appears the matter may end up in litigation. "*Cold Fusion's*" editorial department consisted of Stu Norwood, Managing Editor, MIT/Harvard educated Dr. Eugene Mallove, Editor, and several contributing editors in Georgia, New York, and England. Both Norwood and Mallove have now departed Green's company due to a disagreement over format ...magazine vs. newsletter ...and over editorial positioning. The investor has offered Wayne a cash settlement for his portion of the magazine. To this point, Green has not accepted the settlement.

The circulation (only several hundred) is drastically under what was anticipated. Although a direct mail campaign was tried, one of the complaints is that Green has not adequately marketed the publication.

The editor, engineer/physicist Dr. Eugene Mallove of Bow, New Hampshire, prior to December was not associated with WGI. As a "Cold Fusion" investigator

and author of the book *Fire from Ice: Searching for the Truth Behind the Cold Fusion Furor* (John Wiley & Sons, 1991), he had come to WGI in good faith with his cold fusion colleagues elsewhere in the world, who became contributing editors.

The files and materials he brought with him he says were his own property. Further, he claims that material contributed to him recently was presented with the understanding that he was the technically knowledgeable editor in charge. These new editorial material property rights are now disputed. Where "*Cold Fusion*" stands now is that it is in limbo. If the ownership of the magazine cannot be resolved, industry proponents say they intend to restart a new magazine this fall, which will supersede Green's planned newsletter, "*Cold Fusion Business Opportunities*."

Dr. Mallove told *W5YI Report* "If Green goes ahead with his dubious plan, '*Cold Fusion*' magazine subscribers will be astonished to learn that their magazine has transformed to a newsletter, and is to be edited by an individual with almost no experience and few connections in the rapidly moving cold fusion field."

Mallove told us that much is going on in this technology worldwide. For example, Toyota is sponsoring research and development in France of a cold fusion prototype home heating unit. There is also work going on in Russia, Italy, England, as well as in the United States.

Meanwhile, Green apparently has hired back a managing editor who was laid off as recently as a month ago from *Music Retailing* to be the managing editor of Green's *Cold Fusion Newsletter*.

## THE TAX MAN COMETH...

Celebrating Green's Twentieth Anniversary with Uncle Sam's tax man, Wayne finds himself with a completely new set of tax problems to deal with. The infamous, "*Little Yellow Book*" mentions that Wayne previously had tax problems two decades ago.

In the latter part of April 1974, Green was convicted of filing false and fraudulent income tax returns. His two 5-year prison sentences were suspended and Green was placed on probation for a period of three years. He also was ordered to pay a total fine of \$20,000 plus substantial court costs.

To those of you who are unfamiliar with "*The Little Yellow Book*," an explanation is in order. Green's first wife (Virginia) from whom he was divorced is married to the author: a Gordon Williamson. Reportedly, the couple is living in New Hampshire. Williamson, an attorney, wrote a book (only 75 pages with a yellow cover) entitled "*See Wayne Run. Run, Wayne, Run. An Assessment of a Candidacy*." The reason for writing the book, Williamson said, was to comment on Wayne

Green's qualifications for his announced candidacy for Vice President of the United States. "...it is my opinion that a worse national leader would be hard to concoct," he said in the book's preface. The "Little Yellow Book" maintains that Green's whole career has been based and built on exaggerations and lies.

According to the *Manchester Union Leader* (Aug. 5, 1987) Green was to have announced his VP candidacy at Wendy's Restaurant in Concord, NH with U.S. Senator Gordon Humphrey (R-NH) by his side. Humphrey, not only did not show up but even declined to endorse Green. "His aides said it had nothing to do with Green's conviction in 1974 on income tax fraud." (*Manchester Union Leader*, Sept. 4, 1987.)

The current IRS problem surfaced at WGI several months ago. IRS auditors were seen coming and going over the course of many weeks at WGI. It became common knowledge among staff that Green was having deep difficulties with the IRS.

It now appears that Wayne Green owes \$250,000 in IRS tax arrears going back a little over one year. In addition, his accounts payable is reportedly bulging by more than \$300,000 ...so that puts him in debt to the tune of more than half a million dollars.

His assets include a warehouse full (about 100,000) of music CD's which we heard are being peddled at flea markets. While Green has steadfastly maintained that this music is first class stuff, we understand that this is only his judgement. Sales apparently do not reflect his view.

Supposedly Green was given an extension to obtain funds to pay a significant amount up front of what he owed the IRS. Reportedly, he got another extension when he failed to meet the first deadline.

The second deadline (which we understand is next month, August 31st) is now almost upon us and another show-down with the IRS is approaching. We even heard that Green is paying the IRS on a weekly basis. They conceivably could close down everything.

### "73 MAGAZINE" & "RADIO FUN" - NO FUN!

It appears that all Wayne has left is *73 Magazine* and *Radio Fun* ...that plus a warehouse bursting at the seams full of unsold music CD's. Our understanding is that *73 Magazine* is indeed profitable, but *Radio Fun* is "...only marginally break even."

On June 3rd, Green sent a memo to his staff. "I hope it is no news flash that WGI has substantial debts to pay including the IRS," he wrote. "In order to clear these debts, we have to run with as little waste as possible. And that means waste of time unnecessary expenses, long telephone calls, and so on.

"...We have several areas where, with some help, we can generate more revenue. For instance, we have a warehouse full of CD's which should be turned into

cash as soon as possible. About 100,000 of them, most of them samplers with the top music from hundreds of CD releases we have manufactured. If we can generate an average of \$3.00 each - this would solve our problems...."

"*73 Magazine* presents several opportunities. The circulation has been almost stagnant for several years, so we need a subscription drive. The newsstand sales percentage has been dropping steadily for two years and seriously needs attention. Ad sales can be increased... but it is going to take additional effort to increase subscriptions, newsstand and advertising sales. ...*Radio Fun* needs the same attention. ...circulation has been growing much too slowly and so on. ...the mismanaged cash situation has presented us with a needed challenge..."

Green apparently felt he needed to start by making further staff cuts himself. On July 11th, *73 Magazine's* Associate Publisher, David Cassidy was fired along with *Radio Fun* advertising representative, Doug Johnson. "73's" circulation manager's position has been reduced to part time.

The termination of David Cassidy is particularly confusing since *73 Magazine* has been successful under his leadership the last four years. It certainly was less than successful when he took it over. "73" went from losing a substantial amount of money to being the only profit center in the corporation.

I telephoned Cassidy last week to try and determine why he was fired, but David declined to go into any details. Cassidy acknowledged that he is no longer employed by WGI. Cassidy said, "I am very proud of the work I have done at '73' and I hope my relationship with the magazine might be able to continue."

The big question is, of course, what is now going to happen to *73 Magazine*? It is very questionable whether the publication can survive in its present state considering its present financial and personnel condition. The only thing Green had left that was going well was *73 Magazine*, which he has seen fit to dismantle. The logic of firing Cassidy totally escapes us. *W5YI Report* has received information from at least two sources that investors are looking into the possibility of buying-out *73 Magazine*.

### CONVERSATION WITH WAYNE GREEN, W2NSD/1

*Editors Note: Green once criticized us because we wrote about him without getting first contacting him for his views. We telephoned him on July 18, 1994, at 9:15 a.m. CST.*

**W5YI:** Wayne, I am doing a little story on your company, and I just wanted to ask you a few questions and get your side of the story. First of all, David Cassidy is no longer with you.

**W2NSD:** That is not totally true. He is still doing work for us on a regular basis. But he has been replaced as the managing editor. I have taken over that role.

*[Editor's Note: Wayne Green here confuses managing editor with David Cassidy's staff-box title of Associate Publisher/Editor.]*

**W5YI:** Why was a change necessary, Wayne?

**W2NSD:** Well, I wanted to get more involved with the magazine. And it meant that I would be doing most of the things that he is doing. I have been kind of hands off ...and then working on "Cold Fusion" and working on other projects and feel that I have neglected "73". I wanted to get much more involved in the selection of articles and in the getting the kind of articles that I feel is necessary in there. So I took over again and I am running it on a day-to-day basis.

**W5YI:** Hasn't the magazine been successful under David Cassidy?

**W2NSD:** Yes, it is doing very well, but I thought a change would be beneficial. I am not a person who waits for things to fall apart before making changes. And when I looked it over, it seemed to me that I could bring something to the magazine ...and maybe give it more life than it has. We are going in for an expanded circulation drive and expanded advertising drive ...and so forth. This meant that I had to be involved on a day-to-day basis.

**W5YI:** I did not know that David Cassidy was still doing things for you. That was not the report that I got.

**W2NSD:** Well, that shows how dependable how some of your reports are, doesn't it?

**W5YI:** You mentioned "Cold Fusion." I understand that there are some problems between WGI and the editorial staff and another investor.

**W2NSD:** That's true. We have very interesting problems there. Putting it in a nutshell, Dr. Mallove was fired. What happened was, that as the publisher, I provided him with an assistant editor ...a fellow who had worked for me in the past, and had done very well.

**W5YI:** Is that the fellow who came from *Music Retailing*?

**W2NSD:** Yeah, so at any rate he did not work out ...was unable to get along with anybody here and finally everybody said they just won't deal with him. I had problems in that he was letting errors through into the published magazine which had been called to his attention and which he had missed as the assistant editor. So I told Dr. Mallove, I said I have another editor here who doesn't make these mistakes and gets along with everybody and he is available. I would like

to replace this chap who is not getting along with anybody and is making mistakes which are embarrassing ...the same article published twice in the magazine... At any rate, Mallove said "no way" and moved out of here in a huff and I notified the 50/50 partner that this is what had happened. I said, in this case, I can take over as editor until we are able to replace him.

**W5YI:** I understand the 50/50 partner did not go along with your changes...

**W2NSD:** That is correct. I have not heard anything further from him other than he faxed my letter to him to Mallove who then sent me an abusive and I consider libelous letter which he sent to a number of people. The result of that was that I had no choice but to fire him at that point. I have asked for him to return approximately 100 pages of manuscripts that he has got which he has not done in a month now. In the meantime, we have plenty of material for the next issue and it is proceeding along at this time.

**W5YI:** There was a May, June and July issue. Will there be an August issue?

**W2NSD:** There is a July/August issue. There will be a September issue. It will be more of a newsletter than a magazine because what we found was that the projection that was based on the information from our partner missed by about 90%. There was no choice but to back off and stop publishing ...spending \$30 thousand dollars a month on a glossy magazine.

*[Editor's Note: Those who worked on the magazine at WGI say that former vice president and general manager James Kendrick was the one who made the financial projections, not the outside investor. It was Wayne Green who chose a \$10 initial cover price for the magazine, a price that now seems too high. It is now \$5.95.]*

**W5YI:** Internal Revenue Service auditors over the past several months have visited you and an audit was done. I understand there are sizeable tax arrears going back two or three years... I understand you owe about \$250,000...

**W2NSD:** About a year, yeah. It is about \$170,000 actually. Most of that has been paid off. That happened because the Chief Financial Officer and the General Manager decided not to pay the IRS the withholding tax ...and gave me false financial statements which did not let me know that that was happening. So as soon as I found out, they were out of here and we went down and talked to the IRS and we have satisfied them. *[Editor's note: Other high-level former staffers familiar with the situation dispute this.]*

**W5YI:** They are satisfied?

**W2NSD:** Yep. The last I heard... As of Friday they were still happy. That is one of those things that happens every now and then. And it is one of the draw-



backs of my way of doing business ...and that is to give people responsibility and to give them the decision making. And then depend on them. Every now and then that backfires. [Editor's Note: Other former staffers dispute this rosy assessment.]

**W5YI:** The music business has not been good for you.

**W2NSD:** It has been a mixed bag. We are doing very well with manufacturing now. We are quite active in that and it is very profitable.

**W5YI:** I heard that you had a tremendous overstock on CD's in the warehouse...

**W2NSD:** Well, I am not sure that overstock is the way to put it. We do have a pretty good backlog there. Many of those were done because small record companies could not afford to make a full order. A full order is a thousand CD's. But what we did was make a thousand ...ship them 500 and charge them for those and said we have the other 500 here when you need them. So we have a ton of CD's ...150,000. That is not a big deal. We have manufactured CD's for over a thousand record companies. It doesn't take much before that builds up. The interesting thing is that we can not sell them. Only the record company that we manufactured for is allowed to sell them.

**W5YI:** I understand that you had an internal outlet ...and were selling them at flea markets.

**W2NSD:** No, that is something else. That is mostly our "Adventures in Music" and the samplers. That is a whole different program. We only sold the samplers and the stuff that is legal to sell. We have a number of different programs. We have the "Adventures in Music", the limited collectors editions ..the IMPS samplers. We had GWE, GPR ...we have material that we have received in return for putting tracks on samplers which is completely legal to sell. Then we have the program where we manufacture another 500 and save it so that when they need it, it does not cost them as much to go back and have it manufactured. We have probably about 500 labels that we have done that with.

**W5YI:** You mentioned IMPS. The *IMPS Journal* and *Music Retailing* are no longer being published...

**W2NSD:** They are on hiatus for the summer. We are planning to publish it. We have a staff for that. What we are doing is making sure that each issue is paid for by advertising before we bring it out. And we are selling advertising on a steady basis now. They will be continuing in the fall. [Editor's Note: *Music Retailing* this spring went from a twice-monthly publication to a monthly and was scrapped after one month.]

**W5YI:** What about your record labels? *Greener Pastures*, *Green with Envy*, and so forth?

**W2NSD:** Oh, they are moving right along! They are doing fine.

**W5YI:** They are still in business?

**W2NSD:** Oh, sure. They are doing awfully well. Where we got into problems is that we had a person running that business who unbeknownst to us was setting up her own business in competition and the result was that she sold a bunch of jobs without being paid for them. ...probably cost us near a half a million dollars on that.

**W5YI:** Was this a man or a woman?

**W2NSD:** Yes!

**W5YI:** I said a man or a woman?

**W2NSD:** It was one of those.

**W5YI:** Was it a man?

**W2NSD:** It was one of those.

**W5YI:** Your Accounts Payable has been very high due to the controller problem. Has that been handled now?

**W2NSD:** As far as I know, we do not have anybody who is unhappy with us. We have made arrangements and we have been paying everybody off on a regular basis. I do not think we have anybody who is giving us any trouble.

**W5YI:** We also heard - and I have not had time to make phone calls on this part yet - that the IRS was either thinking or had written advertisers and asked them to send their advertising checks...

**W2NSD:** If you want to write about that, you can. I can tell you what the story is. But you can not quote me. [Editor's note: Since Green declined to go on the record regarding this particular issue, we are leaving out his comments.]

**W5YI:** Don't things look bleak? How does the future look?

**W2NSD:** We are in pretty good shape right now. 73 is doing well. *Radio Fun* is doing well. "*Cold Fusion*," now that I have pared it down, and gotten rid of about \$150,000 of overhead is looking very good. We do not have any operations now that are not making money.

**W5YI:** In fairness, I have to say that there are reports that conflict with some of the things that you have said.

**W2NSD:** Well, if you will let me know, I think you will find that everything I have said is true. But if you do have anything that is different, let me know and I will try to find out ...well, we do have people that are trying to mess us up. And it does not mean that they are telling the truth.

## FUGITIVE HAM HACKER AT IT AGAIN!

Long time chronic computer hacker, **Kevin D. Mitnick, N6NHG**, 30, of Van Nuys, California is apparently back at the keyboard! No one should really be surprised.

His record goes back to his days as a student at Monroe High School in North Hills. As a teenager, Kevin served 6 months in juvenile hall for stealing computer manuals from Pacific Telephone and altering telephone bills ...and for using a pay phone to destroy \$200 thousand worth of computer data of a Northern California company.

In the mid-1980's he was found accessing the internal records of the Los Angeles Police Department, TRW, and USC. A Los Angeles newspaper report also said that Mitnick may have planted a story on a financial newswire that could have caused a gigantic \$400 million loss at Southern California's Security Pacific Bank had it been further distributed. Mitnick had been turned down for a job at the bank just four days earlier for lying about his past criminal record.

Mitnick even changed the TRW credit records of several people (including his own probation officer) and cut off telephone service to a number of celebrities whom he admired. Reportedly, he had also been found guilty of stealing software under development. Somehow, that conviction record mysteriously disappeared from the Santa Cruz police computer files.

In 1988 he was jailed without bail for illegally penetrating an international computer system belonging to Digital Equipment Corp. and the MCI telephone network. DEC said the break in caused about \$4 million in damage. Evidence also indicated that Mitnick had broken into the computer files of the nation's ultra top secret National Security Agency and the Air Defense Command in Colorado Springs, CO.

A search of Mitnick's car turned up confidential DEC documents and he was carrying a list of 14 MCI network access codes when arrested on December 8, 1988. He was on 36 months probation in connection with a previous computer fraud conviction in Santa Cruz, California at the time.

While in jail, his phone calls were restricted so he could not gain access to any computer over jail phone lines. Eventually he was allowed to use a telephone to talk to his lawyer, but only the handset portion.

In a plea bargain arrangement, Mitnick agreed to a one year prison sentence, three years supervised probation and a psychological evaluation. Treatment counselors said he suffered from an addictive-obsessive disorder. In real life he was weak and a loner, but he was strong and capable at the keyboard of a computer.

Mitnick eventually went to work for Teltec Investigations, Inc., a California company that specialized in investigations, surveillance and research. The *Los Angeles Times* quoted a company executive as saying he believed Mitnick was "...probably one of the brightest individuals with a computer that ever set foot on Earth." He left that job in 1992 after the FBI began investigating him for illegal entry into Pacific Bell Telephone Company computers and for wire fraud.

According to a July 10th newswire, federal and state investigators now believe that Mitnick is "...up to his old tricks" again. The *Los Angeles Times* reported that Kevin Mitnick is accused of violating his federal parole by illegally accessing computer databanks.

They also said that "The *New York Times* has reported that Mitnick is suspected of stealing software and data from half a dozen cellular phone manufacturers, compromising the security of the phone networks."

He is also suspected by state authorities of posing as a police officer to gain access to classified information from the California Department of Motor Vehicles. The July 12th *Los Angeles Times* said a DMV spokesman "...believes that Mitnick may be using the information to change identities, to wreak havoc on other's lives or for some type of monetary gain."

Mitnick would request that sensitive DMV information (including driver's licenses, vehicle information and photographs) be sent to a fax number that the DMV did not recognize. It turned out that these telephone numbers were copy shops in Studio City, Sacramento and Santa Monica, California. Investigators staked out one of the copy shops and watched Mitnick pick up the faxed material. A chase ensued, but he got away. There is now a warrant out for Mitnick's arrest.

### ● **Prohibition of Marketing of Radio Scanners Capable of Intercepting Cellular Telephone Conversations**

The FCC has denied a request by Kenwood Communications Corp. for reconsideration of portions of the rules adopted in the *Report and Order* in this proceeding. These Rules, which were adopted in response to the recently enacted *Telephone Disclosure and Dispute Resolution Act (TDDRA)*, generally prohibit the manufacture and importation of radio scanners capable of receiving cellular telephone conversations.

Kenwood sought changes in the implementation dates for the rules, an exemption for scanners intended for use by certain parties and a relaxation of the definition of equipment that can be readily altered by the user.

The Commission found the rule changes requested by Kenwood were inconsistent with the intent and/or the specific provisions of the TDDRA.