

Decision No. 12817.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of W.C.DUNLAP, doing business under the fictitious name of "ORIGINAL STAGE LINE", to transfer his assets, franchise and rights to operate a stage line between the City of Los Angeles and the City of San Fernando and intermediate points to Original Stage Line, Inc., a corporation,

and

Application of ORIGINAL STAGE LINE, INC. to take over the franchise, operating rights and physical assets of Original Stage Line as operated by W.C.Dunlap and to issue therefor stock in said corporation,

and

Application of R. F. Fitz concurring in the Application of W. C. Dunlap and the application of Original Stage Line, Inc.

Application Number 9086

ORIGINAL

Clyde R. Moody and G. E. Overstreet,
for Applicant.

BY THE COMMISSION:

OPINION

In this application, as amended, the Railroad Commission is asked to make an order authorizing W. C. Dunlap, doing business under the firm name and style of Original Stage Line, to transfer his rights and properties to Original Stage Line, Inc., a corporation, and authorizing Original Stage Line, Inc. to issue \$100,000. of stock and to assume the payment of \$36,447.90 of indebtedness in payment for such rights and properties, and to issue \$300. of stock to its directors for qualifying purposes.

The record shows that W. C. Dunlap is engaged in operating auto stages for the transportation of passengers between Los Angeles via Glendale, Burbank and intermediate points to San Fernando, conducting his business under rights secured by reason of having operated in good faith prior to and continuously since the effective date of the Auto Stage and Truck Transportation Act. W. C. Dunlap reports operating revenues for the year ending December 31, 1922 as \$136,923.40, and for the seven months ending July 31, 1923 as \$87,145.11. Operating expenses, including depreciation and taxes, were reported as \$122,220.27 in 1922 and \$74,201.43 for the first seven months of 1923; and net profit, after deducting interest, as \$12,646.19 for the year 1922 and \$12,594.19 for the seven months period of 1923.

Original Stage Line, Inc. was organized on or about February 2, 1923 with an authorized capital stock of \$150,000. divided into 1500 shares of the par value of \$100. each, all common. The company proposes at this time to issue and sell \$300. of stock to its directors and to deliver \$100,000. of stock in payment for the properties, subject to outstanding indebtedness, of W. C. Dunlap. The properties to be acquired and the indebtedness to be assumed by the corporation are shown, as of October 17, 1923 as follows:-

ASSETS:

Passenger cars.....	\$83,574.13
Service cars	250.00
Shop machinery and tools..	3,088.78
Furniture and office appur-	
tenances.....	2,199.37
Materials and supplies.....	3,716.26
Cash	<u>5,131.68</u>

TOTAL ASSETS.	<u>\$97,960.22</u>
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LIABILITIES:

Notes payable	34,985.72
Accounts payable	<u>1,462.18</u>

TOTAL LIABILITIES.	\$36,447.90
Net worth	<u>61,512.32</u>

TOTAL.	<u>\$97,960.22</u>
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The application indicates that the \$83,574.13 represents the original cost of the passenger cars. The \$36,447.90 of outstanding indebtedness representing, for the most part, payments to be made on automobiles, will be assumed by the corporation.

We do not believe that we are justified in making an order authorizing Original Stage Line, Inc. to issue \$100,000. of stock and to assume the payment of \$36,447.90 of indebtedness in payment for the properties and rights of W. C. Dunlap. We believe the corporation should be permitted to issue such an amount of stock as is approximately equal to the net worth, as reported by applicants.

The order herein will authorize the issue of \$61,500. of stock plus \$300. for director's shares.

ORDER

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and of properties and the issue of stock and the assumption of indebtedness, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted, as herein provided;

IT IS HEREBY ORDERED that W. C. Dunlap doing business under the firm name and style of Original Stage Line, Inc. be, and he is hereby, authorized to transfer his operative rights and properties referred to in the foregoing opinion to Original Stage Line, Inc., and Original Stage Line, Inc. be, and it is hereby, authorized to acquire such rights and properties, and in full payment therefor to issue \$61,500. of stock and to assume the payment of not exceeding \$36,447.90 of indebtedness.

IT IS HEREBY FURTHER ORDERED that Original Stage Line, Inc. be, and it is hereby, authorized to issue and sell for cash at not less than par \$300. of its capital stock and to use the proceeds for working capital.

IT IS HEREBY FURTHER ORDERED that the application in so far as it relates to the issue of \$38,500. of stock be, and it is hereby, dismissed without prejudice.

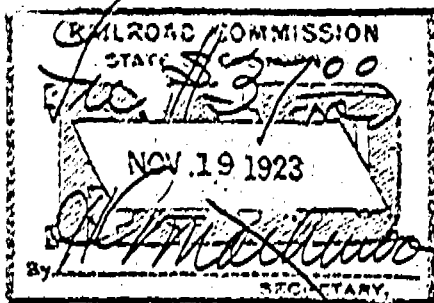
The authority herein granted is subject to further conditions as follows:-

1. W. C. Dunlap shall immediately cancel all time schedules, tariffs, rates and classifications at present on file with the Railroad Commission, and Original Stage Line, Inc. shall file immediately new time schedules, tariffs, rates and classifications or adopt as its own the time schedules, tariffs, rates and classifications heretofore filed with this Commission by W. C. Dunlap, all such new time schedules, tariffs, rates and classifications to be identical with those heretofore filed with this Commission; such cancellation and filing to be in accordance with the provisions of the Railroad Commission's General Order No. 51, and other regulations of the Commission.
2. The rights and privileges, the transfer of which are herein authorized, may not again be transferred, assigned, leased, sold or hypothecated or operations thereunder discontinued unless the written consent of the Railroad Commission to such transfer, assignment, lease, sale, hypothecation or discontinuance shall have first been secured.
3. No vehicle may be operated by Original Stage Line, Inc. under the authority contained in this decision unless such vehicle is owned by said company, or

leased by it, under a contract or agreement on a basis satisfactory to the Railroad Commission.

4. The transfer of the operative rights herein authorized and the required cancellation of filings of tariffs and schedules shall be made no later than 90 days from the date of this order, unless the time for effecting the authorized transfer and the cancellation and filing of tariffs shall be extended by a further order of the Commission.
5. Within 30 days after the issue and delivery of the stock herein authorized, Original Stage Line, Inc. shall file with the Railroad Commission a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
6. The authority herein granted to transfer rights and properties and to issue stock will become effective when applicant has paid the fee under Section 57 of the Public Utilities Act, which fee amounts to \$37.00 and will expire on February 1, 1924.

DATED at San Francisco, California, this 13th day of November, 1923.



C. Searcy
H. B. Brundage
Wing Martin
J. T. Whitney
Commissioners.