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Decision No. 14038.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
CONSOLIDATED FURNITURE MOVING CORPO- )  
RATION, a corporation, for an order )  
authorizing the issuance of forty- )  
five thousand (\$45,000.00) dollars )  
of its capital stock. )

Application Number 10428

Harry A. Encell & James A. Miller, by  
Harry A. Encell, for Applicant.

ORIGINAL

BY THE COMMISSION:

OPINION

In this application Consolidated Furniture Moving Corporation asks permission to issue at seventy-five cents a share, 20,000 shares of its capital stock of the par value of \$1.00 each, and to deliver such stock to its incorporators in reimbursement of moneys expended for the use and benefit of applicant. The corporation further asks permission to issue and sell at seventy-five cents a share, 25,000 shares for the purpose of financing the cost of additional equipment.

Consolidated Furniture Moving Corporation was organized on or about December 11, 1923. The Articles of Incorporation of the company provide for an authorized capital stock of \$50,000.00, consisting of 50,000 shares of the par value of \$1.00 each, all common.

In Decision Number 13775, dated July 3, 1924, the Commission declared that public convenience and necessity require the operation by Consolidated Furniture Moving Corporation of an automo-

tive truck line as a common carrier of household goods, furniture, pianos and other personal effects, including trunks and baggage over the following routes:-

1. Between San Francisco, Oakland and Sacramento and intermediate points, via Vallejo.
2. Between San Francisco, Oakland and Sacramento and intermediate points via Tracy, Stockton and Lodi.
3. Between San Francisco and Santa Rosa and intermediate points via Sausalito, San Rafael and Petaluma.
4. Between San Francisco and San Jose and intermediate points via San Mateo and Palo Alto.

The authority granted to operate over these routes includes the right to transport the commodities authorized to be carried for compensation to points laterally over each and all of the routes mentioned for a distance not to exceed 25 miles on either side of the main highway traversed.

The order of the Commission provided, however, that the right to operate would not become effective until such time as the secretary of the corporation had filed a verified statement with the Commission to the effect that the sum of \$20,000.00 had been paid into the treasury of the corporation, or that the corporation had secured in its own name equipment to the value of \$20,000.00. On August 6, 1924 there was filed with the Commission an affidavit showing that Eli Schumacher, James Coughlan, Harry Gorman and Gus Temps, four of applicant's incorporators, had each subscribed for \$5,000.00 of stock and that they had in their possession signed subscriptions for additional stock in the amount of \$7,500.00. The affidavit further shows that the corporation has placed with Mack International Truck Corporation an order for six enclosed steel, fire proof vans, costing approximately \$6,000.00 each, or a total of \$36,000.00, and that other equipment, consisting of pads, quilts, dollies, sliding boards and piano boards will cost approximately \$2,000.00, making a total investment of \$38,000.

On August 30, 1934, the Commission made its supplemental order, Decision Number 13997, declaring that the certificates heretofore granted by Decision Number 13775 were made effective.

Applicant now asks permission to issue at seventy-five percent of par value, \$20,000.00 of its stock to reimburse its incorporators for additional amounts aggregating approximately \$15,000.00 said to have been expended by them. It is reported in the application, and at the hearing that the incorporators, prior to obtaining permission to operate, expended approximately \$4,000.00 in investigating traffic conditions; approximately \$1500.00 for the purpose of organizing the corporation, and for attorneys' and statutory fees; approximately \$3500.00 in presenting applications to the Commission and for employing counsel; approximately \$2,000.00 for services and expenses in the operation of the company's business, and \$3500.00 as a partial payment on two Mack trucks.

The company asks permission to sell the remaining \$25,000.00 of stock to pay in part the expenditures of \$38,000.00 for the purchase of the six trucks and other equipment hereinabove referred to.

Although applicant asks permission to sell its stock at seventy-five percent of par value, it is of record that at least a portion of the \$27,500.00 of stock for which it is reported that subscriptions have been received, was subscribed for at par. Later it was concluded to offer the stock for sale at seventy-five cents per share (par value one dollar) and reduce the price to those who had subscribed for at par, to seventy-five. The reduction was made on the theory that it would be easier to sell the stock if the purchaser were told that he need to pay but seventy-five and receive dividends on par. It is of record that applicant's officers will endeavor to sell the stock to their associates and persons interested in the furniture moving business and that little, if any, expense will be incurred in such sales. The testimony shows that those in charge of the business believe the earnings of the corporation will enable it to pay dividends at the

rate of eight or ten percent. per annum.

We do not believe that the record in this case justifies the Commission to make an order authorizing the sale of the stock at seventy-five. The Commission will authorize the issue of \$45,000.<sup>of stock</sup>/ which must be sold by the company for not less than par and the proceeds used for the purposes indicated in the following order:-

O R D E R

Consolidated Furniture Moving Corporation having applied to the Railroad Commission for permission to issue \$45,000.00 of stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted only as herein provided, and that the money, property or labor to be procured or paid for by such issue of stock is reasonably required by applicant:

IT IS HEREBY ORDERED that Consolidated Furniture Moving Corporation be, and it is hereby, authorized to issue, at par, \$15,000.00 of its common capital stock to its incorporators in payment and in reimbursement of moneys expended for its use and benefit, as outlined in the opinion preceding this order.

IT IS HEREBY FURTHER ORDERED that Consolidated Furniture Moving Corporation be, and it is hereby, authorized to issue and sell for cash at not less than par, \$30,000.00 of its common capital stock and to use the proceeds to finance in part the cost of the trucks and other equipment to which reference is made in the foregoing opinion.

The authority herein granted is subject to the following conditions:-

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month 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.

2. The authority herein granted will become effective upon the date hereof, but under such authority no stock may be issued subsequent to February 28, 1925.

DATED at San Francisco, California, this 10<sup>th</sup> day of September, 1924.

C. Seavey

H. B. Brundage

Lawrence Martin

Egerton Shore

J. H. Whittey

Commissioners