

Decision No. 16335

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
IMPERIAL VALLEY-LOS ANGELES EXPRESS.)
a co-partnership, owned and operated)
by F. M. Hodge and J. D. Zwis, to)
transfer operative rights and equip-)
ment to Imperial Valley-Los Angeles)
Express, a corporation, and of)
Imperial Valley-Los Angeles Express,)
a corporation, to issue stock.)

Application No. 12329

Devlin & Brookman, for applicants
R. T. Eddy for Hemet Transfer and
Storage Company, Intervenor.

ORIGINAL

WHITSELL, COMMISSIONER:

OPINION

In this proceeding the Railroad Commission is asked to make an order authorizing F. M. Hodge and J. D. Zwis, co-partners doing business under the firm name and style of Imperial Valley - Los Angeles Express, to transfer certain operative rights and assets to Imperial Valley - Los Angeles Express, a corporation, and authorizing the corporation to issue not exceeding \$40,000. of its common capital stock to pay for such properties and to provide working capital.

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The record shows that F. M. Hodge and J. D. Kwis are engaged in the transportation of express and freight by auto trucks, operating under authority granted by the Commission by Decision No. 14291, dated November 25, 1924, in Application No. 9630. This decision permits operations over and along the following routes:-

From Los Angeles via the El Monte - Pomona Highway to Ontario; thence via Valley Boulevard via Bloomington and Colton to Redlands; thence over the State Highway via Banning and Coachella to Westmoreland, Brawley, Imperial, El Centro and Calexico and via the El Centro - Holtville Highway from El Centro to Holtville and within five miles on either side of said route between Westmoreland and Calexico and between El Centro and Holtville only.

It appears that during 1925, the first year of operation, the gross revenues of the business amounted to \$138,816.43, the operating expenses to \$135,114.19 and the net revenue to \$3,702.24. The assets and liabilities as of February 28, 1926, are reported as follows:-

ASSETS:

Current Assets:-

Cash on hand & in bank - - - -	\$ 255.81	
Accounts receivable - - - - -	10,897.09	
Other current assets - - - - -	<u>1,856.44</u>	\$13,009.34

Fixed Assets:-

Trucks and autos, depreciated -	\$35,900.00	
Franchise - - - - -	8,075.88	
Improvements, leased property -	120.09	
Furniture and fixtures - - - -	22.50	
Miscellaneous - - - - -	<u>177.90</u>	44,297.37

Prepayments - - - - - 2,409.05

Total Assets-----\$59,715.76

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Total assets(carried forward).....\$59,715.76

LIABILITIES:

Notes payable	\$3,785.95	
Contracts payable	10,902.50	
C.O.D.'s payable	785.96	
Advance charges	107.54	
Accounts payable	7,553.70	
Accruals	<u>2,733.76</u>	25,869.41
Balance		<u>\$33,846.35</u>

The item of \$35,900.00 for trucks and autos consists of the estimated present value of nine 3-1/2-ton trucks and tractors, one Ford roadster, four 5-ton Utility trailers, two 7-1/2-ton Utility trailers, two 3-ton Utility trailers, three 4-ton Newcomer trailers, one 10-ton Semi-Utility trailer, two 8-ton Semi-Utility trailers and one 5-ton Assembled trailer. The equipment is reported to have cost originally the sum of \$72,363.36.

The application shows that the co-partners have decided to transfer their properties and business to a new corporation, Imperial Valley-Los Angeles Express, they have caused to be formed for the express purpose of receiving and operating them.

The Articles of Incorporation of Imperial Valley-Los Angeles Express show that it was organized on or about May 27, 1925, with an authorized capital stock of \$100,000., divided into 1,000 shares of common stock of the par value of \$100. a share. The corporation now asks permission to issue \$40,000. of its authorized stock. The order herein will authorize the issue of said stock and the delivery of \$34,000. thereof in payment for the properties of F.M.Hodge and J.D. Kwis, subject to outstanding indebtedness referred to herein and the sale of the remaining \$6,000. to provide working capital.

R.T.Eddy asked that the Commission consider in evidence F.M. Hodge's testimony in Application No. 11319 insofar as his testimony related to the value of Packard four wheel trucks. This has been done but I am of the opinion that the testimony in Application No. 11319 does not warrant a denial of applicants' request or any modification of such request.

I herewith submit the following form of order:-

ORDER

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights and equipment and the issue of stock, a public hearing having been held, and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for by the issue of the \$40,000. of stock applied for is reasonably required,

IT IS HEREBY ORDERED that F. M. Hodge and J. D. Zwis, co-partners doing business under the firm name and style of Imperial Valley - Los Angeles Express be, and they are hereby, authorized to transfer to Imperial Valley - Los Angeles Express, a corporation, the operative rights heretofore granted them by Decision No. 14291, dated November 25, 1924, and the properties to which reference is made in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED that Imperial Valley - Los Angeles Express, a corporation, be, and it is hereby, authorized to issue on or before December 31, 1926, \$40,000. of its capital stock and to deliver \$34,000. thereof in part payment for the properties of F. M. Hodge and J. D. Zwis and to sell, at par, \$6,000. thereof for the purpose of providing working capital.

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

- (1) F. M. Hodge and J. D. Zwis shall cancel immediately

all time schedules, tariffs, rates and classifications now on file with the Railroad Commission and Imperial Valley - Los Angeles Express, a corporation, shall file new time schedules, tariffs, rates and classifications identical with those heretofore filed by F. M. Hodge and J. D. Kwis, or adopt as its own the time schedules, tariffs, rates and classifications heretofore filed by F. M. Hodge and J. D. Kwis, such cancellation and filing to be in accordance with the provisions of General Order No. 51 and other regulations of this Commission.

(2) Imperial Valley - Los Angeles Express, a corporation, hereafter shall not transfer, assign, lease, sell hypothecate or discontinue the rights and privileges it is herein authorized to acquire unless it first receives the consent of the Railroad Commission.

(3) No vehicles may be operated by Imperial Valley - Los Angeles Express, a corporation, unless such vehicles are owned by such corporation or are leased by it on a basis satisfactory to this Commission.

(4) Imperial Valley - Los Angeles Express 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.

(5) The authority herein granted shall become effective upon the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 30th
day of March, 1926.

W. B. Brundage

C. C. Cavanaugh

Leon Whitall

Commissioners.