

LEM

Decision No. 17253.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PIONEER TRUCK AND TRANSFER COMPANY
OF LOS ANGELES,
for the ratification of notes issued
to Mary D. Zucker and Anna Zucker, and
a mortgage given to the Pacific Mu-
tual Life Insurance Company of Cali-
fornia.

ORIGINAL

Application No. 12982

George S. Colburn, for applicant.

BY THE COMMISSION:

O P I N I O N

Pioneer Truck and Transfer Company of Los Angeles asks the Commission to ratify the issue of notes in the aggregate sum of \$105,000. and the execution of a mortgage to secure the payment of \$80,000.00 of said notes.

Applicant is engaged in the drayage business between Los Angeles, San Pedro and Wilmington. It reports its assets and liabilities as of December 31, 1925 as follows:-

ASSETS:

Plant and equipment	\$393,168.98
Cash	41,172.34
Notes receivable	797.20
Accounts receivable	50,810.03
Materials and supplies	10,000.00
Prepayments	4,951.58
Discount on stock	337,690.25
Total assets	<u>\$838,590.38</u>

LIABILITIES:

Capital stock	\$500,000.00
Notes payable	126,448.80
Interest accrued	735.05
Accruals	3,615.86
Accounts payable	17,813.43
Other credit accounts	8,516.50
Reserve for depreciation	75,861.89
Surplus	105,598.85
Total liabilities	<u>\$838,590.38</u>

Its transportation revenues for 1925 are reported at \$353,754.64, and its transportation expenses at \$330,004.75, leaving net operating transportation revenue of \$23,749.89.

The testimony shows that in 1909 applicant issued a \$50,000.00 note to Mary D. Zucker in payment of land purchased from her. On November 15, 1922 the indebtedness was reduced to \$25,000.00. On August 11, 1924 the balance due on the note was divided into three notes; two notes for the sum of \$5,000.00 each being issued to Mary D. Zucker and one note for \$15,000.00 to Anna Zucker. These notes are payable on August 11, 1928.

The testimony further shows that on October 30, 1922 applicant borrowed \$80,000.00 from the Pacific Mutual Life Insurance Company of California and as an evidence of such loan issued to the insurance company its six and one half percent note payable on August 11, 1927. It also executed two mortgages to secure the payment of the \$80,000. note. The money obtained through the issue of the \$80,000. note was used to purchase Lot 9, Lot 10, Lot 11, Lot 1 and part of Lot 2 and 3, Lot 4, Lot 5 and Lot 6, in Block one of Sanchez tract. The amount expended for this property is reported at \$44,200.00. It is of record that \$25,000. obtained through the issue of the \$80,000. note was used to pay in part the \$50,000. note issued to Mary D. Zucker in 1909, \$10,000. to pay a note held by the First National Bank of Los Angeles and \$44,200. to acquire the aforementioned property. The property acquired through the issue of the notes referred to herein is being used by the company in its transportation and other business.

The Commission is asked to make an order ratifying the issue of the notes to which reference has been made. In our opinion the notes issued by applicant are void, and being void, the Commission cannot ratify their issue. It occurs to us that applicants should cancel the notes to which reference has been made and issue new notes in lieu thereof.

O R D E R

Pioneer Truck and Transfer Company having applied to the Railroad Commission for an order ratifying the issue of certain notes, a public hearing having been held before Examiner Fankhauser, and the Commission being of the opinion that it cannot enter an order such as requested by applicant, but that applicant should be permitted to issue notes as herein authorized and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income,

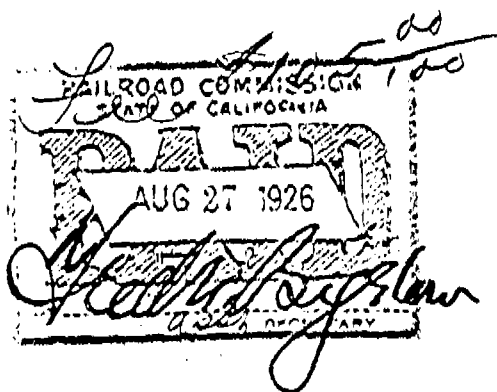
IT IS HEREBY ORDERED that Pioneer Truck and Transfer Company be, and it is hereby, authorized to issue for the purpose of refunding indebtedness and acquiring the property referred to in the opinion which precedes this order, notes in the aggregate sum of \$105,000., said notes to be issued in lieu of the notes to which reference is made in this application.

IT IS HEREBY FURTHER ORDERED that Pioneer Truck and Transfer Company be, and it is hereby, authorized to execute mortgages substantially in the same form as the mortgages filed in this proceeding to secure the payment of the \$80,000. note payable to the Pacific Mutual Life Insurance Company.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$105., and that applicant shall keep such record of the issue,

sale and delivery of the notes 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 insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 23rd
day of August, 1926.



H. B. Brandt
C. S. Sweeney
Thos. S. Houtter
Commissioners.

A circular seal of the Railroad Commission, State of California, is visible in the background of the signatures. The seal contains the text "RAILROAD COMMISSION STATE OF CALIFORNIA" around the perimeter.