

Decision No. 17342.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
ALEXANDER C. PYPER,)
owner of the Pacific Highway Express,)
unincorporated, to sell, and Pacific)
Highway Express, Incorporated, to)
purchase, an automobile freight line)
operated between Los Angeles and San)
Francisco, California.)

ORIGINAL

Application No. 12378.

Alexander C. Pyper, applicant, in propria persona,

J. R. Zimmerman, for Pacific Highway Express,
Incorporated.

BY THE COMMISSION:

OPINION

Alexander C. Pyper, owner of the Pacific Highway Express, an unincorporated organization, has made application to the Railroad Commission for authority to sell his certificate for the transportation of household goods between Los Angeles and San Francisco to the Pacific Highway Express, Incorporated, which has joined in the application and asks authority to make the purchase.

A public hearing herein was conducted by Examiner Williams at Los Angeles.

The certificate, the transfer of which the Commission is asked to authorize, was granted to E. H. Shull by Decision No. 10063, dated February 2, 1922, in Application No. 7345. By Decision No. 13679, dated June 11, 1924, in Application No. 10077, E. H. Shull was authorized to transfer said certificate to Alexander C. Pyper. The certificate authorizes the owner thereof to operate auto trucks for the transportation of household goods between San Francisco,

Oakland and Berkeley and Los Angeles and intermediate points, via what is known as the "Valley Route".

In Decision No. 13679, it appears that Alexander C. Pyper paid E. H. Shull \$6,867.50 of which \$5,867.50 represented the value of Shull's equipment and \$1,000. the value of the operative right. Applicant Pyper now proposes to transfer the certificate without any equipment to Pacific Highway Express Incorporated. The value of the property to be transferred is reported at \$3,067.63. This amount is composed of \$1,567.63, said to represent incorporation advances and attorney's fees and development costs; and \$1,500.00, said to represent the value of the operative right. Applicant Pacific Highway Express, Incorporated, asks authority to issue 1500 shares of capital stock (par value \$1,500.) equally to E. P. Brockman, J. R. Zimmerman and Alexander C. Pyper in exchange for the operative right, costs of incorporation, attorney's fees and development expenses. This is the only consideration for the transfer, except agreements and contracts for advertising, into which applicant Pyper has entered.

Applicants sought to justify the stock issue by filing an exhibit which shows an expenditure of \$1,406.13. Of said amount \$406.13 was expended for incorporation fees, taxes, attorney's fees, filing fees and for stock records, while \$1,000. is said to represent personal expenses and services of applicant Pyper in connection with the development of the business. We do not believe that the record in this proceeding warrants us to permit a corporation to capitalize the \$1,000.00 said to represent personal expenses for services of applicant Pyper. Neither can we authorize the capitalization of the amount which applicant Pyper may have paid for the certificate. Only the actual cost to the original grantee of the certificate can be capitalized. There was, however, no evidence submitted showing how much E. H. Shull

expended in obtaining the certificate.

The order herein will authorize the issue of \$450. par value of stock.

O R D E R

Alexander C. Pyper, doing business under the firm name and style of Pacific Highway Express, having asked permission to transfer the operative right referred to in the Opinion which precedes this order to the Pacific Highway Express Incorporated, a corporation, and said corporation having applied for permission to purchase said operative right and to issue \$1,500. par value of its common capital stock, a public hearing having been held, the Commission having considered the request of applicants and being of the opinion that applicant Pacific Highway Express, Incorporated, should be permitted to issue not exceeding \$450.00 par value of stock,

IT IS HEREBY ORDERED that Alexander C. Pyper, doing business under the firm name and style of Pacific Highway Express, bc, and he is hereby, authorized to sell and transfer to the Pacific Highway Express Incorporated, a corporation, the operative right granted by the decision mentioned in the foregoing opinion.

IT IS HEREBY FURTHER ORDERED that the Pacific Highway Express Incorporated bc, and it is hereby, authorized to issue at not less than par, \$450.00 par value of its common capital stock to acquire properties and pay organization expenses reported at \$406.13, said organization expenses consisting of the following:-

Incorporation fees	\$40.63
Incorporation tax	30.00
Transfer fees	50.00
Filing fees of incorporation papers, etc.	10.50
Stock records, seals, etc.	25.00
Attorneys fees	250.00

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

1. The consideration to be paid for the property herein authorized to be transferred shall never be urged before this Commission or any other rate fixing body as a measure of value of said property for rate fixing or any purpose other than the transfer herein authorized.

2. Applicant Pyper shall immediately cancel tariff of rates and time schedules on file with the Commission covering service, certificate for which is herein authorized to be transferred. Such cancellation to be in accordance with the provisions of General Order No. 51.

3. Applicant Pacific Highway Express Incorporated shall immediately file, in duplicate, tariff of rates and time schedules or adopt as its own the tariff of rates and time schedules for said service as heretofore filed by applicant Pyper. All tariff of rates and time schedules to be identical with those as filed by applicant Pyper.

4. The rights and privileges herein authorized to be transferred shall not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

5. No vehicle may be operated by applicant Pacific Highway Express Incorporated unless such vehicle is owned by said applicant or is leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

6. Pacific Highway Express Incorporated 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 insofar as applicable, is made a part of this order.

7. The authority herein granted shall apply only to such transfer as may be made and to such stock as may be issued on or before November 30, 1926.

DATED at San Francisco, California, this 8th day of September, 1926.

H. H. Brundage
Chairman
Wm. H. West
Dep. Atty. Gen.
Thos. J. Hart

Commissioners.