

**ORIGINAL**

Decision No. 18113

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the joint appli- )  
cation of A. J. RICHARDSON to )  
transfer certain operative rights, )  
etc., to GLENDALE & VERDUGO HILLS )  
EXPRESS COMPANY, and of the latter )  
to issue stock. )

APPLICATION NO. 13370.

Richard T. Eddy, for Applicants.

Devlin & Brookman, by Douglas Brookman,  
for United Parcel Service of Los Angeles,  
Inc., Protestant.

BY THE COMMISSION:

O P I N I O N

In this proceeding applicants seek the approval of this Commission to the transfer of the operative rights of A. J. Richardson, doing business under the fictitious name of Verdugo Hills Transportation Company, to the Glendale & Verdugo Hills Express Company, a corporation, and also ask the Commission to authorize the Glendale & Verdugo Hills Express Company to issue \$3,000 of its capital stock in payment for said operative rights and certain equipment, including vehicles.

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

At the hearing the application was amended to eliminate Hansen Heights as a point served by applicant Richardson, and

also to increase the stock issue to \$3030. The application was further amended to request authority to merge all rights possessed by applicant Richardson when the transfer to the applicant corporation has been consummated. The amendments met with no objection from protestant.

Applicant Richardson, by valid operation established prior to May 1, 1917, operates between Los Angeles and Sunland, serving the intermediate points of Glendale, Montrose, La Canada, La Crescenta and Tujunga. By Decision No. 9069 on Application No. 6890, dated June 8, 1921, Richardson acquired from E. V. Freeman, for the sum of \$600.00, an operative right between Los Angeles and Sunland and the intermediate points of Verdugo Park, Montrose, La Crescenta and Tujunga. Since that time applicant Richardson has conducted both operations practically as one, serving all points. In Freeman's Application No. 4798, granted by Decision No. 7351, dated April 3, 1920, Hansen Heights, a point beyond the terminus of Sunland, was included. In the present proceeding the question was raised as to service to Hansen Heights, and it was stipulated that this point might be excluded, as it now is in the Sunland district of the city of Los Angeles. As the routes of the two operations are the same, there appears to be no reason why they should not be consolidated and merged under any authority which may be granted for the transfer sought herein.

It was the testimony of Mr. Richardson that the sole consideration to be paid him for his operative rights and equipment is the \$3030 of stock for which authorization is asked; that all outstanding indebtedness is to be paid by him, and

that the rights and equipment are to be transferred to the applicant corporation free and clear of debt. The equipment to be transferred includes three trucks, valued at \$2400, and office furniture valued at \$100. Examination into the reasonableness of the value placed upon the equipment shows that the valuations given are probably not above the reasonable market value, as it has been maintained in good operating condition and is used in the service. Mr. Richardson explained that the valuations were fixed by him on a most conservative basis, giving consideration to the age of the equipment and its depreciation.

The remainder of the stock issue, \$530.00, according to a statement filed subsequent to the hearing, is based on other items aggregating \$1184.00. This includes \$600.00 paid to Freeman for his operative right, \$250.00 legal expenses in connection with the purchase of this right by applicant Richardson, \$134.00 legal and other expenses incident to the incorporation of the Glendale & Verdugo Hills Express Company, and \$200.00 legal and other expenses incident to the transfer from Richardson to the applicant corporation. Disregarding the amount paid to Freeman for his operative right, applicant Richardson shows items aggregating \$694.00, which we believe justifies the additional issue applied for.

The transfer of the operative rights was protested by the United Parcel Service of Los Angeles, Inc., on the ground that applicant Richardson had conducted an illegal operation for the transportation of packages over his line for the Inter-City Parcel Service, Inc., of which S. B. Cowan is the head. In support of this allegation, protestant introduced

in full the testimony of applicant Richardson in Case No. 2249, United Parcel Service of Los Angeles, Inc., vs. Inter-City Parcel Service, Inc., in which Richardson testified that a vehicle owned by the Inter-City Parcel Service was operated to transport packages over the route traversed by Richardson, and in his name, under an alleged lease. (Transcript, pages 25 to 52, inclusive). It was the theory of protestant that if the transfer of Richardson's operative right to the Glendale & Verdugo Hills Express Company is permitted, it will merely give the Inter-City Parcel Service further opportunity to conduct illegal service and thus perpetuate collusion in the violation of law, as it is the intention of Richardson to sell the stock in the Glendale & Verdugo Hills Express Company to Cowan. Mr. Richardson testified that he is transferring his present rights to the corporation in exchange for the stock issue, and that he had given an option to Cowan for the purchase of the stock. The testimony of Richardson in Case No. 2249 has been examined by this Commission and the legality of this method of operation is now before the Commission for determination. If it should be determined that such operations are illegal and should cease, obviously they cannot be continued by the applicant corporation, regardless of who owns the stock; further, if the operations are valid, there is no reason why the corporation, regardless of its stock ownership, should not enjoy valid rights. For this reason we believe the protest of the United Parcel Service in this proceeding misdirected and ineffective.

After full consideration of all the facts, we see no reason why this Commission should not approve the transfer of the operative rights and equipment of applicant Richardson

to applicant Glendale & Verdugo Hills Express Company and authorize the corporation to merge and unite said rights as one operation and to issue \$3030.00 of its capital stock to applicant Richardson in payment for said rights and equipment.

#### O R D E R

Application having been made to the Railroad Commission for an order authorizing A. J. Richardson to transfer his operative rights between Los Angeles and Sunland to the Glendale & Verdugo Hills Express Company, a corporation, and authorizing the Glendale & Verdugo Hills Express Company to merge as one operation the rights so transferred and to issue \$3030.00 of its capital stock, a public hearing having been held, the matter having been duly submitted and the Commission being of the opinion that the transfer of said operative rights and the merging of the same into one operation should be authorized, as herein provided, and that the issue of \$3030.00 of capital stock is reasonably required by the corporation,

IT IS HEREBY ORDERED that A. J. Richardson be and he hereby is authorized to transfer to the Glendale & Verdugo Hills Express Company, a corporation, the operative rights heretofore acquired by operation prior to May 1, 1917, and by Decision No. 9069 on Application No. 6890, dated June 8, 1921, for transportation of freight between Los Angeles, Glendale and

Sunland; and

IT IS HEREBY ORDERED that Glendale & Verdugo Hills Express Company, a corporation, be and it hereby is authorized to issue \$3050.00 of its capital stock, such stock to be issued to A. J. Richardson in full payment for the operative rights and equipment herein authorized to be transferred to said corporation.

The authority herein granted is subject to the following conditions:

- I. 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 for any purpose other than the transfer herein authorized.
- II. Applicant Richardson shall withdraw tariff of rates and time schedules on file with this Commission, covering service the certificate for which is herein authorized to be transferred, such withdrawal to be in accordance with the provisions of General Order No. 51.
- III. Applicant Glendale & Verdugo Hills Express Company shall file, in duplicate, in its own name, tariff of rates and time schedules covering service heretofore given by applicant Richardson, which rates and time schedules shall be identical with the rates and time schedules now on file with the Railroad Commission in the name of applicant Richardson, or rates and schedules satisfactory in form and substance to the Railroad Commission.
- IV. Applicant Glendale & Verdugo Hills Express Company shall keep such record of the issue and delivery of stock herein authorized as will enable it to file, within thirty (30) days after such issue and delivery, a verified report as required by the Railroad Commission General Order No. 24, which order, in so far as it is applicable, is made a part of this order.
- V. The transfer of the operative rights, cancellation and filing of schedules, tariffs, rates and classifications, and the issuance of stock, shall be made not later than sixty (60) days from date hereof, unless extended or modified by further order of this Commission.

- VI. The rights and privileges herein authorized may not be sold, leased, transferred nor assigned, nor service thereunder discontinued, unless the written consent of the Railroad Commission to such sale, lease, transfer, discontinuance or assignment has first been secured.
- VII. No vehicle may be operated by applicant Glendale & Verdugo Hills Express Company under the authority herein granted unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

IT IS HEREBY FURTHER ORDERED that applicant Glendale & Verdugo Hills Express Company be and it hereby is authorized to merge and unite as one operation the prescriptive rights of applicant A. J. Richardson and the rights previously vesting in H. V. Freeman under Decision No. 7361 on Application No. 4798, dated April 3, 1920, and subsequently acquired by Richardson under Decision No. 9069 on Application No. 6890, dated June 8, 1921, whenever the transfer herein authorized shall have been completed.

For all purposes except as hereinbefore specified, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 28<sup>th</sup> day of March 1927.

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COMMISSIONERS.