

Decision No. 18821

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

A. A. PETERS,

as trustee in bankruptcy of South  
Shore Port Company, a corporation,  
to sell and Bay Shore Freight  
Lines to purchase a combination  
water and truck transportation  
line operating between  
San Francisco, Oakland and Alameda  
on the one hand and Gilroy,  
San Jose, Los Gatos, Saratoga and  
intermediate points on the other  
hand.

ORIGINAL

Application No. 13962.

Rufus H. Kimball, for applicants.

BY THE COMMISSION:

O P I N I O N

In this application A. A. Peters, as trustee in bankruptcy of the estate of South Shore Port Company, a corporation, a bankrupt, asks permission to sell the operative rights and properties formerly owned by South Shore Port Company to Frank Chapman Willson, William Quinby Wright and Godfred Thuesen, as trustees, associates doing business under the firm name and style of Bay Shore Freight Lines.

South Shore Port Company was organized during 1920. It first engaged in the business of transporting freight by motor boat between San Francisco and Port South Shore, Santa Clara County, but thereafter, pursuant to authority granted by the Commission by Decision No. 13189, dated February 20, 1924, acquired from J. J.

Eubert the operative right to transport freight by auto trucks between Port South Shore and Palo Alto, Mayfield, Mountain View, Sunnyvale, Santa Clara, San Jose, Saratoga, Los Gatos, Campbell, Alviso, Coyote, Morgan Hill and Gilroy, over all roads and highways and for a distance of two miles on either side of the roads and highways traversed in reaching such communities. In 1925 the company enlarged its operations when the Commission, by Decision No. 14923, dated May 14, 1925, authorized it to establish service by vessel between Oakland and Alameda on the one hand and Port South Shore on the other in connection with the service performed by auto trucks between Port South Shore and the other points in Santa Clara County.

The annual financial reports filed with the Commission by the company show an accumulated deficit from operations on December 31, 1926, of \$62,288.29, and outstanding indebtedness on that date of \$120,288.77 consisting of \$41,500.00 of seven percent mortgage notes that matured on February 6, 1925, \$42,400.00 of unsecured seven percent demand notes and \$36,388.77 of accounts payable. It appears that on March 11, 1927, a petition was filed in the District Court of the United States for the Northern District of California by three unsecured creditors for an order adjudging South Shore Port Company a bankrupt. Such an order was made on March 24, 1927 and on April 18, 1927 A. A. Peters was appointed as trustee of the properties. Subsequently, on July 11, 1927, the properties of South Shore Port Company were sold at a bankruptcy sale to William Quinby Wright, who thereafter assigned his interest to the three trustees, applicants herein.

The price bid by William Quinby Wright, which was the only bid, was \$42,320.00, and the properties were ordered sold at that price, subject to the outstanding mortgage notes of \$41,500.00, together with accrued interest thereon amounting to \$8,541.22.

The properties sold included all the properties of South Shore Port Company consisting of the operative rights referred to, two Diesel propelled motor ships, the "South Shore No. 1" and the "South Shore No. 2" of a registered tonnage of sixty-seven and ninety-four, respectively, five 3-1/2 ton Garford trucks, two 4-ton Garford trucks, two 1-ton Ford truck, three 2-1/2 ton Reliance trailers, materials and supplies and certain terminal property in Santa Clara County. An appraisal made in connection with the bankruptcy proceedings was filed as Exhibit No. 2 and shows the estimated fair value of the physical properties as \$79,254.41.

The new owners will, as stated, take over the property subject to the mortgage notes of \$41,500.00, together with unpaid interest. These notes are past due, having matured on February 6, 1925, but it appears that substantially all of them are held by the same parties who held the unsecured obligations of South Shore Port Company and for whom the trustees now will hold the properties, and the trustees feel assured that no attempt will be made to foreclose them. We believe that the holders of such notes should file with this Commission a stipulation wherein they agree not to institute a foreclosure proceeding, <sup>prior to March first, 1928.</sup> Such stipulation would of course become of no effect once the notes are refunded.

#### ORDER

Application having been made to the Railroad Commission for an order authorizing the transfer of operative rights, equipment and properties, a public hearing having been held before Examiner Geary, and the Railroad Commission being of the opinion that the application should be granted, as herein provided,

IT IS HEREBY ORDERED that South Shore Port Company through A. A. Peters, as trustee in bankruptcy of the properties of said South Shore Port Company, be and it is hereby authorized to transfer, for \$42,320.00, the operative rights, equipment and properties referred to in the foregoing opinion, subject only to the outstanding mortgage notes of \$41,500.00, together with accrued interest thereon, to William Quinby Wright, Frank Chapman Willson and Godfred Thuesen, as trustees, associates doing business under the firm name and style of Bay Shore Freight Lines, upon the terms and conditions outlined in this application.

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

1. A. A. Peters, as trustee in bankruptcy of the properties of South Short Port Company, shall unite, immediately, with William Quinby Wright, Frank Chapman Willson and Godfred Theusen, as trustees, associates doing business under the firm name and style of Bay Shore Freight Lines, in common supplement to the tariffs on file with the Commission by South Shore Port Company, applicant A. A. Peters, as trustee, on the one hand withdrawing and applicants Wright, Willson and Theusen as trustees, on the other hand accepting and establishing such tariffs and all effective supplements thereto.
2. A. A. Peters, as trustee in bankruptcy of the properties of South Shore Port Company, shall withdraw immediately all time schedules filed in the name of South Shore Port Company, and William Quinby Wright, Frank Chapman Willson and Godfred Theusen, as trustees, shall file immediately in

duplicate, time schedules covering the service heretofore given by South Shore Port Company, which time schedules shall be identical with those now on file with the Railroad Commission in the name of South Shore Port Company, or time schedules satisfactory to the Railroad Commission.

3. The rights and privileges, the transfer of which is herein authorized, shall not hereafter, be transferred, assigned, leased or sold, or operations thereunder discontinued, unless the written consent of the Railroad Commission has first been secured.
4. No vessel or auto truck may be operated, under the rights herein authorized to be transferred, unless such vessel or auto truck is owned by Bay Shore Freight Lines or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.
5. The price at which the transfer herein authorized is made shall not hereafter be urged before this Commission or other public body or court having jurisdiction as a measure of value of the operative rights, equipment and properties for the purpose of fixing rates, issuing stock or other securities or for any purpose other than this transfer.

6. The authority herein granted will become effective upon the filing of the stipulation referred to in the opinion which precedes this order.

DATED at San Francisco, California, this 20<sup>th</sup> day of September, 1927.

Ernest C. East  
C. Stearns  
Leon W. Bell  
Thos. D. Powell  
M. J. Lee  
Commissioners.