

Decision No. 22279.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
MOTOR TRANSPORTATION COMPANY, LTD., ) Application No. 17271  
for permission to issue stock. )

George M. Pierson, for applicant.

BY THE COMMISSION:

O P I N I O N

ORIGINAL

In this proceeding Motor Transportation Company, Ltd. asks permission to issue 480 shares of its common capital stock in payment for advances received from Earl W. Elwinger, T. R. Elwinger, A. E. Schick and George M. Pierson.

Applicant was organized on or about November 1, 1929 with an authorized capital stock of 25,000 shares of no par value. It is engaged in the operation of an automobile service for the transportation of property between Los Angeles and Venice, Ocean Park, Santa Monica and intermediate points. Its operation is being conducted under and by virtue of the Railroad Commission's Decision No. 21855 in Application No. 16107, which decision authorized the Motor Service Express to transfer certain operative rights to applicant. During 1930 the company's operating revenues are reported at \$17,073.17 and its expenses at \$16,695.12, leaving a net profit of \$378.05.

As of December 31, 1930 applicant reports its assets and liabilities as follows:

<u>A S S E T S</u>	
Equipment . . . . .	\$2,341.83
Cash on hand . . . . .	119.98
Accounts receivable . . . . .	1,493.13
Advances to carriers . . . . .	54.02
Tires . . . . .	316.42
State tax prepaid . . . . .	723.56
Unexpired insurance . . . . .	194.99
Office supplies . . . . .	50.00
Good will . . . . .	<u>6,000.00</u>
Total assets . . . . .	<u>\$11,293.93</u>

<u>L I A B I L I T I E S</u>	
Owes to bank . . . . .	\$ 246.47
Paid in for stock . . . . .	4,800.00
City Van and Storage Company . . . . .	800.00
Notes payable . . . . .	1,125.00
Accounts payable . . . . .	1,038.77
Due on franchise . . . . .	1,550.00
Bad debt reserve . . . . .	120.00
Truck depreciation . . . . .	484.20
State tax reserve . . . . .	751.44
Net profits . . . . .	<u>378.05</u>
Total liabilities . . . . .	<u>\$11,293.93</u>

It will be observed that applicant includes under its assets, Good will in the amount of \$6,000.00. There is included in this item \$5,000.00 which applicant has paid for operative rights and which this Commission has held (Decision No. 23656 in Application No. 16107) should be amortized over a period of five years through charges to income account No. 315 "Miscellaneous charges to income". It also includes \$1,000.00 which was expended for organization purposes and establishing applicant's business. It has no authority to report the \$5,000.00 as representing good will.

Shortly after the organization of applicant, and subsequent to the Commission's Decision No. 21855, applicant's incorporators and organizers advanced to applicant \$4,800.00, with the understanding that they would accept stock in payment for such advances.

Because of this arrangement it now proposes to issue to Earl W. Elwinger, 120 shares of its capital stock at \$10.00 per share, to T. R. Elwinger 120 shares of stock at \$10.00 per share, to A. H. Schick 120 shares at \$10.00 per share, to George M. Pierson 120 shares at \$10.00 per share. It has issued one share of stock to each of its directors, the issue of which is authorized by the Commission's General Order No. 82.

We have considered this application and are of the opinion that applicant should not be authorized to issue any stock until such time as it has complied with Decision No. 23656 in Application No. 16107 and has amortized the \$5,000.00 referred to therein. As it proceeds with this amortization it may use the cash represented thereby to pay indebtedness or buy equipment. When the amortization has been completed it may file a new application for permission to issue stock. The Commission will at that time review applicant's financial condition and determine what disposition should be made of the application.

O R D E R

Motor Transportation Company, Ltd. having asked permission to issue 480 shares of stock, a public hearing having been held before Examiner Fankhauser and the Commission having considered the request of applicant and being of the opinion that this application should be dismissed without prejudice, therefore,

IT IS HEREBY ORDERED that this application be, and the same is hereby, dismissed without prejudice.

DATED at San Francisco, California, this 11<sup>th</sup> day of May, 1931.

C. L. Sullivan  
M. J. Kim  
M. B. Kargin  
James G. Stewart  
Commissioners