

Decision No. 24836

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 J. A. CLARK,  
 an individual doing business under the  
 firm name and style of J. A. CLARK  
 DRAYING COMPANY, to sell, and J. A.  
 CLARK DRAYING COMPANY, LTD., a  
 California corporation, to purchase,  
 a trucking or freight line operated  
 between Los Angeles proper and  
 Los Angeles Harbor District, and a  
 warehouse business conducted in  
 San Francisco and Los Angeles,  
 California.

Application No. 18137

ORIGINAL

Henry Kickhoff, Jr. for applicants.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing J. A. Clark to transfer to J. A. Clark Draying Company, Ltd. certain operative rights and equipment and authorizing J. A. Clark Draying Company, Ltd. to issue 1,000 shares of its common capital stock of the aggregate par value of \$100,000.00.

It appears that J. A. Clark, doing business under the firm name and style of J. A. Clark Draying Company, is engaged in the operation of an auto truck freight line between Los Angeles and the Los Angeles Harbor District, in the storage and warehousing business in Los Angeles and San Francisco and in the draying business at those points. It seems that Mr. Clark has concluded that his business can be conducted more advantageously under a corporate organization and therefore he has

caused the organization, on or about January 29, 1931, of J. A. Clark Draying Company, Ltd. for the purpose of acquiring and thereafter operating his present business.

The application shows that it is the intention of Mr. Clark to transfer to the corporation the drayage, warehouse and transportation business and properties, including cash on hand and in banks, accounts receivable, sixty-seven trucks, trailers and autos, garage equipment, leases and the certificate of public convenience and necessity granted him by Decision No. 18150, dated March 31, 1927, permitting the operation of an automobile truck line for the transportation of freight between Los Angeles, Wilmington and San Pedro and intermediate points.

In a statement filed with the Commission, Mr. Clark sets forth the value of the assets to be transferred as follows:

Cash in banks.....	\$ 3,965.64
Furniture and fixtures.....	1,166.82
Trucks, trailers and autos.....	145,807.55
Garage equipment.....	700.25
Accounts receivable.....	<u>28,505.12</u>
Total.....	<u>\$180,145.38</u>

The assets in the statement are said to represent cost figures less depreciation on the physical items to date.

In consideration for the transfer of the properties, J. A. Clark Draying Company, Ltd. proposes to issue \$100,000.00 of its common capital stock and to assume the payment of indebtedness in an amount not exceeding \$7,967.92.

The Commission is of the opinion that this application should be granted. It desires, however, to place the purchaser upon notice that operative rights do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable

rates. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited to the number of rights which may be given.

#### O R D E R

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and the issue of \$100,000.00 of stock and the Railroad Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income, therefore,

IT IS HEREBY ORDERED, that J. A. Clark, doing business under the firm name and style of J. A. Clark Draying Company, be, and he hereby is, authorized to sell and transfer to J. A. Clark Draying Company, Ltd. the properties and business referred to in the preceding opinion, including the certificate of public convenience and necessity granted him by Decision No. 18150, dated March 31, 1927, permitting the operation of an automobile truck line for the transportation of freight between Los Angeles, Wilmington and San Pedro and intermediate points.

IT IS HEREBY FURTHER ORDERED, that J. A. Clark Draying Company, Ltd. be, and it hereby is, authorized to issue, on or before

December 31, 1932, \$100,000.00 of its common capital stock in part payment for the properties and business of J. A. Clark.

The authority herein granted is subject to the following conditions:

1. J. A. Clark and J. A. Clark Draying Company, Ltd. shall join in common supplement to the tariff now on file with the Railroad Commission in the name of J. A. Clark Draying Company, applicant J. A. Clark on the one hand withdrawing and applicant J. A. Clark Draying Company, Ltd. on the other hand adopting and establishing as its own such tariff and all effective supplements thereto.

2. The rights and privileges herein authorized to be transferred may not be discontinued, sold, leased nor assigned hereafter unless the written consent of the Railroad Commission to such action has first been secured.

3. No vehicle may be operated by J. A. Clark Draying Company, Ltd. unless such vehicle is owned by said company, or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

4. J. A. Clark Draying Company, Ltd. shall keep such record of the stock herein authorized to be issued as will enable it to file, within thirty days thereafter, 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.

5. The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 12th day of June, 1932.

C. L. Leaven  
Leon W. Dwyer  
W. A. Linn  
W. B. Harris  
Fred G. Atterton  
Commissioners.