

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the matter of the application of)
OAKLAND ANTIOCH AND EASTERN RAILWAY)
to issue two notes.

Application No. 1492.

Decision No. 2097

Jesse H. Steinhart for applicant;
Wallace M. Alexander in pro persona; and also
Louis Rosenthal in pro persona.

GORDON, Commissioner.

O P I N I O N.

This is an application by Oakland, Antioch and Eastern Rail-
way to issue two notes:

One note dated January 29, 1913, in favor of Sebastiane and
Edward Cecchetti, due January 29, 1916, for \$23,000;

One note dated January 14, 1913, in favor of Louis Caffaro,
due January 14, 1916, for \$35,000.

It is stated by the applicant that these notes were issued
on the dates specified; that the applicant had not realized that said
issue was in violation of the Public Utilities Act until the matter
was called to its attention by a representative of this Commission.

The applicant states that the note for the sum of \$23,000
was issued January 29, 1913, to Sebastiane and Edward Cecchetti in
part payment for a parcel of real estate at Second and "M" Streets in
Sacramento, which it now uses for a freight terminal. The full
price was \$59,000, of which \$36,000 was paid in cash and a note for
three years at 6 per cent. per annum given for the balance. The note
is secured by mortgage on the parcel of real estate.

The note for the sum of \$35,000 was issued on January 14,
1913, to Louis Caffaro in part payment for a parcel of real estate on
Third and "I" Streets in the City of Sacramento, purchased by the

applicant for a passenger terminal, to which use it is now devoted. The cost of this property was \$60,000, of which \$25,000 was paid in cash and a note given for the balance for three years with interest at 6 per cent per annum. The note is secured by a mortgage on the real estate purchased.

This appears to have been a transaction in entire good faith, and while the Commission has no power to validate notes illegally given, it can authorize a new note to take the place of one improperly issued. Obviously, this Railway should take proper steps to remove all question of doubt as to proceedings involving its terminals. I, therefore, recommend that the application be granted and submit the following form of Order.

O R D E R.

Oakland, Antioch and Eastern Railway having applied to this Commission for authority to issue two notes, as set forth in the above Opinion, and a hearing having been held and it appearing that the purposes for which said notes are to be issued are not in whole or in part reasonably chargeable to operating expenses or income,

IT IS HEREBY ORDERED that Oakland, Antioch and Eastern Railway be given authority and it is hereby given authority to issue two notes as follows:

One note to Sebastiane and Edward Cecchetti in the sum of \$23,000;

One note to Louis Caffaro in the sum of \$35,000.

IT IS FURTHER ORDERED that the applicant be granted authority and is hereby granted authority to mortgage the certain parcel of real estate in the City of Sacramento at Second and "M" Streets, now used as its freight terminal, as security for said note to Sebastiane and Edward Cecchetti in the sum of \$23,000.

IT IS FURTHER ORDERED that the applicant be granted authority and is hereby granted authority to mortgage a certain parcel of real estate in the City of Sacramento at Third and "I" Streets, now used as its passenger terminal, as security for the note herein auth-

orized to be issued to Louis Caffaro in the sum of \$35,000.

The authority herein granted is granted upon the following conditions and not otherwise:

- (1). The notes herein authorized to be issued shall be used to take up and repledge notes heretofore issued without the authority of this Commission as follows:

One note dated January 29, 1913, in favor of Sebastiane and Edward Cecchetti, due January 29, 1916, for \$23,000;

One note dated January 14, 1913, in favor of Louis Caffaro, due January 14, 1916, for \$35,000.

- (2). The notes herein authorized to be issued shall bear date of January, 1915 and shall be made payable in January, 1916, and shall bear interest at a rate not to exceed 6 per cent per annum.
- (3). The applicant herein shall report to this Commission within thirty days after the notes herein authorized to be issued shall have been issued, stating the terms and conditions of such issue.
- (4). The authority herein given is conditioned upon the payment by the applicant of the fee prescribed in the Public Utilities Act.
- (5). The authority herein given to issue notes shall apply to such notes as shall have been issued on or before June 30, 1915.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 20th day of January, 1915.

Railroad Commission State of California

BY [Signature]
Assistant Secretary

[Signature]
[Signature]
[Signature]
Commissioners.