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ORIGINAL

Decision No. 6680

BEFORE THE RAILROAD COMMISSION OF THE  
STATE OF CALIFORNIA.

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In the Matter of the Application of )  
LOS ANGELES-SAN PEDRO TRANSPORTATION )  
COMPANY, a corporation, to issue )  
stock. )

Application Number 4225.

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C.W. Byrer, for applicant.

BY THE COMMISSION:

O P I N I O N.

LOS ANGELES-SAN PEDRO TRANSPORTATION COMPANY asks authority to issue, at not less than par, \$10,000.00 of its common capital stock.

A public hearing was held on this application before Examiner Handford at Los Angeles on February 18, 1919.

Los Angeles-San Pedro Transportation Company was organized on or about August 15, 1918, with an authorized capital stock of \$50,000.00, divided into 5,000 shares of \$10.00 each. The corporation was organized for the purpose, among others, to engage in, conduct, operate and carry on a general truck, transfer, freight, shipping, receiving and forwarding business in all its branches; and to transport, carry and convey for hire all kinds of merchandise, freight, baggage or other personal property.

Applicant has submitted a balance sheet in which it reports its assets and liabilities as of December 1, 1918, as follows:

ASSETS:

Trucks and Trailers, . . . . .	\$22,169.50
Leased equipment, Packard Truck, . . . . .	4,617.78
Miscellaneous Equipment, . . . . .	1,561.77
Office Equipment, . . . . .	887.88
Lease Advance, . . . . .	150.00
Cash on Hand, . . . . .	47.40
Cash in Bank, . . . . .	189.14
Accounts Receivable, . . . . .	3,858.16
Freight Advances, . . . . .	3.98
Initial Deposit Underwriting Corporation, . . . . .	358.16
<u>TOTAL ASSETS</u> , . . . . .	<u>\$33,843.77</u>

LIABILITIES:

Capital Stock, . . . . .	\$11,800.00
Notes Payable, . . . . .	11,601.44
Accounts Payable, . . . . .	4,085.12
Due Fred A. Russell, . . . . .	1,434.81
Due Fred L. Smith, . . . . .	743.14
War Tax, . . . . .	495.24
Profit and Loss Account, . . . . .	53.03
Gross profits, August 21, 1918 to December 31, 1918, . . . . .	3,630.99
<u>TOTAL LIABILITIES</u> , . . . . .	<u>\$33,843.77</u>

In its decision on Application Number 4219, the Railroad Commission has authorized applicant to engage in a motor freight business between the business center of Los Angeles and the Harbor district at Wilmington, San Pedro.

Applicant reports \$11,800 of stock outstanding. The record in this proceeding shows that \$8,040.00 of this stock was issued to Fred A. Russell and \$3,760.00 to Fred L. Smith in exchange for their truck business, including equipment, supplies and accounts receivable. At the time applicant issued its stock, it assumed the indebtedness to Fred A. Russell and Fred L. Smith. In addition to the stock issued to Fred A. Russell and Fred L. Smith, applicant has issued three shares for the purpose of qualifying directors. All of this stock has been issued without an order from the Railroad Commission. The stock, however, was issued pursuant to authority

granted by the Commissioner of Corporations. The testimony indicates that applicant failed to file the necessary application with the Commission, through inadvertence and with no intent to evade the Public Utilities Act. Inasmuch as applicant has been engaged and will continue to engage in the operation of a public utility business, it occurs to us that the Railroad Commission should authorize the issue of \$11,800 of stock, such stock to be issued in lieu of the stock heretofore issued to Fred A. Russell and Fred L. Smith and for the purpose of qualifying directors.

In Exhibit Number "1", applicant reports the value of the properties which it has acquired from Fred A. Russell at \$16,573.03 and liabilities assumed at \$8,534.01, leaving net assets of \$8,039.02. In Exhibit Number "2", the value of the assets acquired from Fred L. Smith are reported at \$9,995.88, the liabilities assumed at \$6,262.62, leaving net assets of \$3,733.26. It is against the net assets acquired from Fred A. Russell and Fred L. Smith that the company has issued the stock referred to above.

In this application, applicant asks permission to issue \$10,000.00 of its common stock. This stock is to be issued at not less than par, and the proceeds used to pay notes which have been issued for the purpose of acquiring equipment. The testimony of Fred A. Russell, President of Los Angeles-San Pedro Transportation Company shows that none of the proceeds from the sale of stock will be used for purposes other than the payment of notes issued in connection with the acquisition of equipment.

O R D E R

LOS ANGELES-SAN PEDRO TRANSPORTATION COMPANY having applied to the Railroad Commission for authority to issue stock, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in the Order, and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED that LOS ANGELES-SAN PEDRO TRANSPORTATION COMPANY be, and it is hereby, granted authority to issue \$21,800 par value of common capital stock upon the following conditions and not otherwise:

- (1).-- None of the stock shall be issued until the applicant has obtained all of the permits, rights or franchises as required by law, and has been authorized to operate under such permits, rights and franchises.
- (2).-- Of the stock herein authorized to be issued \$3,730.00 shall be issued to Fred L. Smith, \$8,040.00 to Fred A. Russell in lieu of the stock heretofore issued to them, and \$30.00 to directors in lieu of stock heretofore issued to them for qualifying purposes.
- (3).-- Stock in the amount of \$10,000 shall be sold for not less than par and the proceeds used to pay notes issued for the purpose of acquiring the equipment referred to in this application.
- (4).-- Los Angeles-San Pedro Transportation Company shall

keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds from the sale of the stock herein authorized to be issued, and on or before the twenty-fifth day of each month shall make verified reports to the Railroad Commission stating the sale or sales of said stock during the preceding month, the terms and conditions of the sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

- (5).-- The authority herein granted shall apply only to such stock as may be issued on or before September 1, 1919.

Dated at San Francisco, California, this 16<sup>th</sup> day  
SEPTEMBER, 1919.

W. J. Loveland  
Frank D. Martin  
H. B. Brundage  
Dwight Martin  
Commissioners.