

Decision No. 9421.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the Matter of the Application)
of CONSOLIDATED MOTOR FREIGHT LINES,)
INC., for order authorizing issue of)
stock.)
.....)

APPLICATION No. 6952.

J. B. McFarland for Applicant.

BY THE COMMISSION:

O P I N I O N.

Consolidated Motor Freight Lines, Inc., a corporation, has petitioned the Railroad Commission for an order authorizing the transfer to it of the operative rights for the conduct of automobile freight lines as common carriers of property now owned by A. A. McFarland, operating under the fictitious name of Richmond Motor Express Company, and Mrs. Jean Williams Scott, operating under the fictitious name of Williams Motor Express Company, A. A. McFarland and Mrs. Jean Williams Scott joining in said application and requesting permission to transfer said operative rights. Applicant, Consolidated Motor Freight Lines, Inc., also seeks authority for the issuance of 5,550 shares of the par value of \$27,750.00 of its capital stock.

A public hearing on this application was conducted by Examiner Handford at San Francisco, the matter was duly submitted and is now ready for decision.

The operative rights of A. A. McFarland, who has operated under the fictitious name of Richmond Motor Express Company, and of Mrs. Jean Williams Scott, who has operated under the fictitious name of Williams Motor Express Company, herein proposed to be transferred are those existing by reason of continuous operation prior to and since May 1, 1917, which was the date recognized ^{by} the Legislature in the passage of Chapter 213, Statutes of 1917, as that upon which persons operating stage or truck lines were not required to secure certificate of public convenience and necessity from the Railroad Commission nor permits from the governing bodies of the various political subdivisions through which a route passed. The proposed transfers are to be made in accordance with agreements which are incorporated in the application herein. We are of the opinion that the transfers should be authorized subject to the conditions which will appear in the following order.

We will now consider the portion of the application for authorization of a stock issue.

CONSOLIDATED MOTOR FREIGHT LINES, INC., was organized on or about May 25, 1921, with an authorized stock issue of \$75,000.00, divided into 15,000 shares of the par value of \$5.00 each. In this application, the company asks permission to issue \$27,750.00 par value (5,550 shares) of stock for the following purposes:-

- (a) - In payment for properties of A. A. McFarland, operating under the fictitious name of Richmond Motor Express Company, \$13,000.00
- (b) - In payment for properties of Mrs. Jean Williams Scott, operating under the fictitious name of Williams Motor Express Company, . . . \$ 4,000.00

(c) - To cover organization and promotion expenses,	\$ 750.00
(d) - To sell, for cash, at 85, . . .	<u>\$10,000.00</u>
<u>T o t a l</u> ,	<u>\$27,750.00</u>

Applicant, Consolidated Motor Freight Lines, Inc., asks permission to assume the payment of \$2,875.00 of indebtedness of Mrs. Jean Williams Scott, operating under the fictitious name of Williams Motor Express Company, such indebtedness consisting of \$1,120.00 representing the balance due on a Packard truck and \$1,775.00 of notes and accounts payable.

The properties which applicant, Consolidated Motor Freight Lines, Inc., intends to acquire from A. A. McFarland, operating under the fictitious name of Richmond Motor Express Company, consist of one 2-ton 1917 model White truck chassis with freight body; one 3-1/2-ton 1919 model Atterbury truck with freight body; equipment for both trucks; office furniture and supplies; prepaid insurance and goodwill including list of names of customers, shippers and consignees. In payment for these properties, applicant asks permission to issue \$13,000.00 of its common stock.

The properties which applicant, Consolidated Motor Freight Lines, Inc., intends to acquire from Mrs. Jean Williams Scott, operating under the fictitious name of Williams Motor Express Company, are said to consist of one 3-ton model Packard truck chassis with freight body, equipment for the truck; office furniture and supplies, prepaid insurance and goodwill including list of names of customers, shippers and consignees. The estimated value of the Williams Motor Express Company's properties is reported at \$6,875.00. From this amount, there is deducted the indebtedness of \$2,875.00, leaving an equity

of \$4,000.00, against which applicant asks permission to issue \$4,000.00 of its stock,

It appears from the testimony that the values at which applicant, Consolidated Motor Freight Lines, Inc., asks permission to transfer the properties of A. A. McFarland, operating under the fictitious name of Richmond Motor Express Company, and of Mrs. Jean Williams Scott, operating under the fictitious name of Williams Motor Express Company, are high, in that an inadequate allowance has been made for obsolescence and depreciation. We do not believe that applicant should issue more than \$10,000.00 of stock in payment for the properties of A. A. McFarland, nor more than \$3,000.00 of stock in payment for the equity in the properties of Mrs. Jean Williams Scott,

Applicant, Consolidated Motor Freight Lines, Inc., intends to sell \$10,000.00 of its stock (2,000 shares) at par and asks permission to expend not exceeding 15% of the proceeds to pay commissions and expenses incident to the selling of the stock. The remaining proceeds applicant intends to use to pay the indebtedness which it asks permission to assume, to secure additional equipment and to provide itself with working capital. We believe that this request should be granted, as well as the request of applicant to issue \$750.00 of stock to pay organization and promotion expenses.

O R D E R.

Application having been made to the Railroad Commission for authority to transfer properties and operative rights and to issue stock, a public hearing having been held, the matter having been duly submitted and the Commission being fully advised and of the opinion that the transfers herein sought should be authorized and that the money, property or

labor to be procured through the issue of stock herein authorized is reasonably required by applicant, Consolidated Motor Freight Lines, Inc., to pay the expenditures herein permitted which are not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED, That authority is hereby granted for the transfer of the operative rights for the conduct of automobile truck lines as common carriers of freight and express heretofore held by A. A. McFarland (operating under the fictitious name of Richmond Motor Express Company) and Mrs. Jean Williams Scott (operating under the fictitious name of Williams Motor Express Company) to applicant, Consolidated Motor Freight Lines, Inc., subject, however, to compliance with the following conditions:

- I - A. A. McFarland (operating under the fictitious name of Richmond Motor Express Company) and Mrs. Jean Williams Scott, (operating under the fictitious name of Williams Motor Express Company) will be required to immediately cancel all tariffs, rates, classifications and time schedules now on file with the Railroad Commission. Applicant, Consolidated Motor Freight Lines, Inc., will be required to immediately file new time schedules, tariffs, rates and classifications, or to adopt as its own the tariffs, rates, classifications and time schedules of A. A. McFarland (operating under the fictitious name of Richmond Motor Express Company) and Mrs. Jean Williams Scott (operating under the fictitious name of Williams Motor Express Company) all tariffs, rates, classifications, and time schedules to be the same as those heretofore filed by A. A. McFarland and Mrs. Jean Williams Scott. All cancellations and filings to be made in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

II - The rights and privileges, transfer of which are hereby authorized, may not again be transferred, assigned, leased, hypothecated, sold or operation thereunder discontinued unless the written consent of the Railroad Commission to such transfer, assignment, lease, hypothecation, sale or discontinuance of operation shall have first been secured.

III - No vehicle may be operated by applicant, Consolidated Motor Freight Lines, Inc., under the authority contained in this approval of transfer unless such vehicle is owned by such applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

FURTHER

IT IS HEREBY/ORDERED, That Consolidated Motor Freight Lines, Inc., be, and it is hereby, authorized to assume the payment of \$2,875.00 of indebtedness of Mrs. Jean Williams Scott referred to in this application and to issue \$23,750.00 of its common stock.

The authority herein granted is subject to the following conditions:

I - Of the stock herein authorized to be issued not exceeding \$10,000.00 may be delivered to A. A. McFarland in full payment for the properties referred to in this application and not exceeding \$3,000.00 of stock may be delivered to Mrs. Jean Williams Scott in part payment for the properties referred to in this application.

II - Stock in the amount of \$750.00 may be delivered to J. B. McFarland on account of expenses paid and services rendered in organizing applicant corporation, said expenses and services rendered being referred to in this application.

III - Stock in the amount of \$10,000.00 herein authorized to be issued may be sold by applicant, Consolidated Motor Freight Lines, Inc., for cash;

at not less than par and the proceeds used for the following purposes:-

To pay brokers' commissions and expenses incident to the sale of the stock, \$ 1,500.00

To buy secondhand Ford runabout, a new 2-ton truck chassis with freight body and accessories, to acquire new and larger freight bodies for Atterbury and White trucks, \$ 4,525.00

To pay indebtedness assumed not exceeding , \$ 2,875.00

For working capital and miscellaneous purposes, \$ 1,100.00

T o t a l, \$10,000.00

IV - The authority herein granted will not become effective until applicant, Consolidated Motor Freight Lines, Inc., has paid the fee prescribed in the Public Utilities Act, such fee amounting to \$25.00.

V - Consolidated Motor Freight Lines, Inc., shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

VI - The authority herein granted will apply only to such stock as may be issued, sold and delivered on or before December 31, 1921.

Dated at San Francisco, California, this 25th day of August, 1921.

Railroad Commission State of California

John J. [unclear]
SEP 30 1921
A. M. [unclear]
BY _____

H. P. [unclear]
A. D. [unclear]
Erving [unclear]
Robert [unclear]
[unclear]
Commissioners.