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Decision No. 9584

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
BAY CITIES TRANSPORTATION COMPANY,) Application Number 7189.
a corporation, for an order author-)
izing it to issue common stock.)

James A. Ballentine, for Applicant.

BENEDICT, COMMISSIONER.

O P I N I O N

In this application, BAY CITIES TRANSPORTATION COMPANY asks permission to issue \$49,997.00 of its capital stock to Phebe M. Rideout.

Bay Cities Transportation Company was incorporated on or about June 27, 1916 with an authorized capital stock of \$50,000.00 divided into 50,000 shares of the par value of one dollar each. The company was originally incorporated under the name of the B Line Transfer Company, but subsequently the Superior Court in and for the City and County of San Francisco made and entered its judgment and decree changing the name of the applicant to Bay Cities Transportation Company.

Applicant's business consists of the transportation of freight between San Francisco and Oakland and of a general drayage business. As of August 1, 1921, it reports assets and liabilities as follows:-

ASSETS:

Franchise,	\$9,000.00
Equipment,	46,753.61
Cash,	7,503.53
Accounts Receivable,	15,658.63
Supplies,	605.00
Unearned insurance,	<u>1,118.65</u>
TOTAL <u>ASSETS</u> ,	<u><u>\$80,639.42</u></u>

LIABILITIES:

Capital stock,	\$50,000.00
Premium on stock,	7,095.98
Notes Payable,	5,000.00
Accounts payable,	6,570.00
Surplus,	<u>11,973.38</u>
TOTAL <u>LIABILITIES</u> ,	<u><u>\$80,639.42</u></u>

It is, of course, understood that the Railroad Commission does not, at this time, pass upon the values claimed by applicant for its assets, and especially as to the value claimed for the item of "franchise".

The record shows that in July, 1916, Phebe M. Rideout transferred and assigned to applicant certain properties in exchange for \$16,000.00 of stock. These properties, which had an estimated value in excess of \$16,000.00 and which are reported necessary and useful to applicant, are described in Exhibit "A" filed in this proceeding.

It further appears that since July, 1916, Phebe M. Rideout has advanced to applicant the sum of \$41,092.98, in payment of which Phebe M. Rideout has agreed to accept the remaining unissued stock of \$33,997.00. V.M. Schroeder, applicant's secretary, testified that the \$41,092.98 was used to purchase barges, motor trucks and other equipment, and to maintain and improve the company's service and facilities.

Applicant has heretofore filed with the Commissioner of Corporations, applications for permission to issue the \$49,997.00 of stock, and has received such permission from the Commissioner.

The \$49,997.00 par value of stock was issued to Phebe M. Rideout in payment for the properties and advances mentioned under the authority granted by the Commissioner of Corporations. Through inadvertence or misunderstanding, the company did not until recently file an application with this Commission. I am of the opinion that stock issued by applicant without an order from the Railroad Commission is void under Section 52 of the Public Utilities Act, and that applicant should cancel the stock certificates heretofore issued and issue new certificates in lieu thereof. I find that the assets of Bay Cities Transportation Company are ample to permit of the issue of the \$49,997.00 of stock.

I herewith submit the following form of order:-

O R D E R

BAY CITIES TRANSPORTATION COMPANY, having applied to the Railroad Commission for permission to issue \$49,997.00 of stock, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that BAY CITIES TRANSPORTATION COMPANY be, and it is hereby, authorized to issue to Phebe M. Rideout on or before December 31, 1921, 49,997 shares (\$49,997.00) of its capital stock to pay for the properties described in Exhibit "A" and refund the \$41,092.98 of advances made by her; provided

(1) THAT the stock certificates issued without an order from the Railroad Commission be returned to applicant's treasury and cancelled, and the stock herein auth-

orized, issued in lieu thereof.

(2) That Bay Cities Transportation Company keep such record of the issue and disposition of the stock herein authorized 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.

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 4th day of October 1921.

H. D. Loveland
Clarence A. Lawrence
J. J. [unclear]
Commissioners.