

ORIGINAL

Decision No. 9588

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 K. F. BEYERLE to sell and the MURRIETA
 MINERAL HOT SPRINGS AUTO STAGE LINE, a
 corporation, to purchase automobile
 passenger stage line, and of the
 MURRIETA MINERAL HOT SPRINGS AUTO
 STAGE LINE to issue stock. } Application No. 7138.

Rohe, Yakey and Devin, by
Clifford A. Rohe, for Applicant.

BY THE COMMISSION:

O P I N I O N

In this application, as amended, K. F. Beyerle, doing business under the fictitious name of the Murrieta Mineral Hot Springs Auto Stage Line, made application to the Railroad Commission petitioning for an order authorizing him to transfer such stage line to the Murrieta Mineral Hot Springs Auto Stage Line, a corporation, and the latter for permission to purchase the same and to issue stock in payment thereof.

A public hearing was held in the above entitled proceeding before Examiner Williams at Los Angeles on September 26, 1921, at which time the matter was submitted, and it is now ready for decision.

Testimony herein shows that K. F. Beyerle has been engaged in the operation of an automobile stage line for the transportation of passengers between Los Angeles and Murrieta Mineral Hot Springs, Riverside County, since February, 1916, having secured such operative right due to operation in good faith prior to the effective date of the Automobile Transportation Act, and continuously since that date; that by Decision

No. 8860, he was granted permission to operate an automobile stage line for the transportation of passengers between Murrietta Hot Springs and Warner Hot Springs; that he is now of the opinion that such business could be conducted more efficiently by a corporation, and that he has caused to be incorporated the Murrieta Mineral Hot Springs Auto Stage Line, with an authorized stock issue of \$75,000.00, divided into 750 shares of the par value of \$100.00 each.

In this proceeding he proposes to transfer all of his automobile equipment, miscellaneous supplies and operative rights to the corporation in exchange for \$75,000 par value of stock, the equipment proposed to be transferred consisting of the following described property, together with the estimated value thereof:

2	12-passenger White automobiles, 1918.....	\$9,000
3	16-passenger White automobiles, 1919.....	17,100
1	18-passenger White automobile, 1919.....	7,500
1	15-passenger Cadillac automobile, 1915.....	5,000
1	5-passenger Reo automobile, 1919.....	750
1	7-passenger Premier automobile, 1912.....	500
	Tires, tubes, rims.....	1,000
	Office Equipment.....	1,000
		<u>\$41,850</u>

K. F. Beyerle testified that he started this business in 1916, with one automobile, and that from time to time he has purchased additional equipment until at the present time he has in operation nine automobiles. He further testified that since 1916 he has expended approximately \$5,000 a year to develop the business, for which he believes he should be reimbursed by the issue of stock. In the examination it appeared that this \$5,000 a year expenditure consisted in general of payments for advertising, insurance, taxes and salaries accrued but unpaid. Because of such expenditures the corporation now asks the issue of \$33,150 par value of stock to applicant,

K. F. Beyerle, in addition to \$41,850 par value of stock representing the claimed value of the equipment and tangible property proposed to be transferred.

We are of the opinion that the showing made by applicants is inadequate to warrant the issue of the \$33,150 par value of stock covering expenditures made by K. F. Beyerle, as such expenditures are more in the nature of operating expenses than investment in capital account. Applicant should at this time be permitted to issue stock only in an amount equal to the reasonable value of the tangible property proposed to be transferred, which for the purposes of this proceeding we will estimate to be \$41,850.

ORDER

Hearing having been held in the above entitled application, the matter being submitted and the Commission being fully informed,

IT IS HEREBY ORDERED that K. F. Beyerle be and he hereby is authorized to sell and the Murrietta Mineral Hot Springs Auto Stage Line, a corporation, be and it is hereby authorized to purchase and operate the automobile stage line heretofore owned and operated by K. F. Beyerle, subject to the following conditions:

1. That applicant, K. F. Beyerle, shall be required to cancel immediately all tariffs of rates and time schedules at present on file with the Railroad Commission in his name, and applicant, Murrietta Mineral Hot Springs Auto Stage Line, a corporation, shall be required to file immediately, in its own name, duplicate time schedules and tariffs of rates, or to adopt as its own the tariffs of rates and time schedules heretofore filed by K. F. Beyerle, all tariffs of rates and time schedules to be identical with the tariffs of rates

and time schedules as heretofore filed by K. F. Beyerle with the Railroad Commission, such cancellation and filing to be in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

2. The rights and privileges herein authorized to be transferred may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

3. No vehicle may be operated by the applicant, Murrieta Mineral Hot Springs Auto Stage Line, a corporation, unless such vehicle is owned by or leased by them for a specified amount on a trip or term basis, the leasing of equipment not to include the services of a driver or operator. All employment of drivers or operators of leased cars shall be made on the basis of a contract by which the drivers or operators shall bear the relation of an employe to the transportation company.

IT IS HEREBY FURTHER ORDERED that the Murrieta Mineral Hot Springs Auto Stage Line, a corporation, be and it is hereby authorized to issue \$41,850 par value of its capital stock in full payment for the properties described in the Opinion which precedes this Order, such properties to be transferred to the Murrieta Mineral Hot Springs Auto Stage Line, a corporation, free and clear of all encumbrances.

Murrieta Mineral Hot Springs Auto Stage Line, a corporation, shall keep such record of the issue and sale of the stock herein authorized and the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, 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.

The authority herein granted will apply only to such transfers as may be made and of such stock as may be issued on or before November 30, 1921.

Dated at San Francisco, California, this 4th day of October, 1921.

H. J. Boardman

Charles J. Boardman

J. J. Boardman

Commissioners.