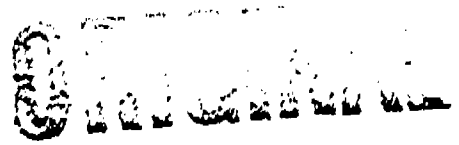


Decision No. 26454



BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation upon  
the Commission's own motion into the  
accounting methods, practices, rules,  
regulations, keeping of records, inter-  
corporate relations, compliance with  
uniform classification of accounts, and  
the operating rules, regulations and  
practices of the Pickwick Greyhound of  
California, Ltd., a corporation. )

Case No. 3530.

Libby & Sherwin, and E. C. Lucas and Orla St. Clair,  
for Pickwick Greyhound of California, Ltd.

Edward Stern, for Railway Express Agency, Inc.

Robert F. Brennan and E. T. Lucey, for The Atchison,  
Topeka & Santa Fe Railway Company, interested party.

L. G. Markel and Orla St. Clair, for the Pacific  
Greyhound Lines, Inc.

BY THE COMMISSION:

O P I N I O N

This is an investigation on the Commission's own  
motion into the accounting methods, practices, rules, regulations,  
keeping of records, inter-corporate relations, compliance with  
uniform classification of accounts, and the operating rules,  
regulations and practices of the Pickwick Greyhound of California,  
Ltd., a corporation.

Public hearings on this investigation were conducted  
by Examiner Handford at Los Angeles and the matter was duly sub-  
mitted. Following the submission of the matter after the Los  
Angeles hearings, the submission was set aside, the matter was  
reopened for further hearing and a further hearing was held at  
San Francisco on September 11, 1933, at the close of which hearing

the matter was again duly submitted and it is now ready for decision.

The Pickwick Greyhound of California, Ltd., is a California Corporation organized on September 23, 1929, and the stock of such corporation is owned, except for qualifying shares of its directors, by Western Greyhound Lines, Inc., the latter company having its headquarters and principal office in Kansas City, Missouri. The Pickwick Greyhound of California, Ltd., is the California subsidiary of the Western Greyhound Lines, Inc., which operates an interstate service between Los Angeles, California, and Denver, Colorado, through the States of California, Arizona, New Mexico and Colorado. The only intrastate operating right owned by the Pickwick Greyhound of California, Ltd., is an operating right between San Bernardino and Oro Grande, some 49 miles in length, which was acquired by purchase from the Motor Transit Company as approved by this Commission's Decision No. 24400 dated January 18, 1932, on Application No. 16732. The intrastate business so authorized was to be cared for by the through interstate schedules of the Western Greyhound Lines, Inc., over the portion of territory in California between San Bernardino and Oro Grande. No other intrastate operating right is possessed by Pickwick Greyhound Lines of California, Inc. On February 9, 1932, an inspector of this Commission made a check of ticket reports at the agency of Needles, said check covering the period from January, 1932, to February 9, 1933. This check revealed a total of 249 tickets with a revenue of \$1,777.28 as being sold to unauthorized points in California, 33 tickets having been sold to miscellaneous points in California, 23 tickets having been sold from Needles to Barstow, 38 tickets having been sold from Needles to San Bernardino and 155 tickets having been sold from Needles to Los Angeles.

(Exhibit No. 1) A similar check was made of the ticket reports in the office of the agent at Victorville for the period from May 1, 1932, to February 1, 1933, and such check shows 29 tickets, revenue \$92.60, sold from Victorville to Los Angeles. None of the ticket

sales hereinabove mentioned were authorized by the certificate rights granted by this Commission to Pickwick Greyhound Lines of California, Inc., nor were the rates assessed covered by any tariff filings of or participated in by Pickwick Greyhound Lines of California, Inc.

The record shows a check of passes issued by respondent to state officials, employees and their families during the period from July 26, 1932, to January 26, 1933. (Exhibit No. 4)

This record, compiled from pass requests shows the issuance of passes to points in the State of California not covered by the intrastate certificate of respondent, Pickwick Greyhound of California, Ltd.

In January, 1933, operation of a bus No. 355 was inaugurated between Los Angeles and Needles. This bus was painted yellow and was painted with the word "Yellowway."

On January 17, 1933, an inspector of this Commission noted Bus No. 490 leaving the Los Angeles terminal of Pickwick Greyhound Lines of California, Ltd., and containing passengers for interstate destinations. This bus was partially loaded and contained five adults and two children as passengers. The bus was driven to a lot near 218 East Seventh Street in Los Angeles and the passengers were there transferred into Bus No. 355 marked "Yellowway," together with 16 passengers for interstate points east of California who were already on Bus No. 355. Bus No. 355 then departed for Needles with the combined load. It appears that this bus was operated in this manner from Los Angeles to Needles for about a month, on a few occasions being operated to Flagstaff, Arizona, where it turned around for the return trip to Los Angeles. The bus carried both interstate and intrastate passengers in California and operated on the schedule of the Pickwick Greyhound of California, Ltd. It is the contention of the respondent that this operation was in service only during the month

of January, 1933, and that such operation was established to meet the competition of other stage companies as regards cut rate transportation to eastern common points. It is apparently a fact that tickets were honored on this bus irrespective of the amount paid as fare and that passengers who paid the lesser cut rate received the same service and transportation, at least in California, as did passengers paying the regular legal tariff rates. Pick-up service was also given to certain points in Los Angeles prior to the commencement of the trip from the East Seventh Street terminal. The record shows that this bus, when operated, was under the jurisdiction of respondent Pickwick Greyhound of California, Ltd., although carrying passengers in California who were destined to or from eastern points and used the tickets and facilities of the present company and other eastern bus lines to or from eastern points. No advice was ever given to this Commission as to the change in the location of the Los Angeles terminal as used by this bus, nor of the pick-up service accorded to some of its passengers.

The entire operation of the Pickwick Greyhound of California, Ltd., is conducted by the use of equipment which is leased, and a condition of the only order under which Pickwick Greyhound of California, Ltd., operates requires that "all equipment must be owned or leased under a contract or agreement on a basis satisfactory to the Railroad Commission." The record shows that a lease was originally filed on March 3, 1930, by which the Pickwick Stage Lines, Inc., leased 9 coaches to Pickwick Greyhound of California, Ltd., for the term of one year. On March 9, 1933, a form of lease was sent to the Commission executed by Western Greyhound Lines, Inc., as lessor and Pickwick Greyhound of California, Ltd., as lessee and covering equipment leased for a period of one year. This lease was undated and specified that the equipment was to be used on lines in the State of California over which the Pickwick

Greyhound of California, Ltd., now are not operating. There was also no reference to sale of the equipment from the former lessor Pickwick Stage Line to the present lessor Western Greyhound Lines, Inc. No extension or renewal of the original lease having been made of record, there was no lease filed with the Commission from March, 1931, to March, 1933, although such filing was required by the Commission's certificate. Since the submission of this matter there was filed on May 28, 1933, a lease covering 16 pieces of equipment, the Western Greyhound Lines, Inc. appearing as lessor and Pickwick Greyhound of California, Ltd. as lessee, this lease being for the period of one year, unless sooner cancelled by either party. This lease provides for the use of the equipment on the present line for which authority to operate in the State of California is now granted to the Pickwick Greyhound of California, Ltd., and such other routes as it may hereafter be authorized to operate. All repairs and expenses of operation are to be borne by the lessee. The matter of leasing equipment has finally been placed on a basis in accordance with the requirements of the existing certificate. The principal officials of Pickwick Greyhound of California, Ltd., are also officials of the owning company, Western Greyhound Lines, Inc. According to the record, all receipts are sent to the owning company at its principal office at Kansas City and expenditures are made from and controlled by such principal office. Expenses of the subsidiary companies are prorated to each state, largely on a mileage basis as to the mileage equipment operated in each state. It appears from the record that the parent company not only dictates the policy of the subsidiary companies but as regards the Pickwick Greyhound of California, Ltd., has actually supervised and has been responsible for the operation. This has been accomplished by the employment of joint officials and such supervision has not been given that would assure full compliance with the obligation of the Pickwick

Greyhound of California, Ltd., as regards compliance with certificate rights in the State of California and the rules and regulations of the Railroad Commission. There appears no excuse for the unauthorized exercise of operating rights within the state for the sale of tickets and the hauling of passengers to or from unauthorized intrastate points and a proper supervision and management would not have permitted such unauthorized operation. As all books and material records are kept in the headquarters at Kansas City, it is difficult to check these matters as to any violation of operating rights or other violations of rules and regulations. The record, however, is clear as to tickets sold and passengers carried from Needles and Victorville to unauthorized points in the State of California in violation of the intrastate certificate rights held by Pickwick Greyhound of California, Ltd., and shows such unauthorized operation to have been continued for a long time.

Testimony was also given as to unlawful speeds at which busses were operated on the portion of the line between San Bernardino and Oro Grande, speed being often in excess of the limits prescribed by the Motor Vehicle Act. This is also a matter which is called to the attention of the responsible operating officials and should not be <sup>the</sup> subject of complaint before this Commission if proper supervision were to be given by supervising operation by officials.

At the hearing following the reopening of this matter a certificate of amendment to the Articles of Incorporation of Pickwick Greyhound of California, Ltd. was filed, such amendment changing the name of the corporation to Western Greyhound Lines, Ltd., said change having been made by the stockholders at a meeting held in Chicago on July 1, 1933.

ORDER

Public hearings having been held upon the above entitled investigation, the matter having been duly submitted and the Commission being now fully advised,

IT IS HEREBY ORDERED that the operating rights as heretofore granted by this Commission in its Decision No. 24400 on Application No. 16732, dated January 18, 1932, and covering operation between San Bernardino and Oro Grande and intermediate points be and the same hereby are cancelled, revoked and annulled, and all tariffs and time schedules filed by Pickwick Greyhound of California, Ltd., in accordance with the requirements of said Decision are hereby cancelled.

The effective date of this order is hereby fixed as twenty (20) days from the date hereof.

Dated at San Francisco, California, this 23rd day of October, 1933.

C. Harvey

Leon C. Williams

M. A. C.

W. B. C.

W. H. C.

Commissioners.