

Decision No. 26660

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
M. C. YAHNE, INC.,
a corporation, to purchase and acquire
operative rights and property of and
from M. C. Yahne, an individual doing
business under the name and style of
Inland Stages, and for authority to
issue capital stock on account thereof.)

Application No. 19220

Orla St. Clair, for applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make its orders as follows:

1. Authorizing applicant M. C. Yahne, Inc., a corporation, to issue five thousand (5,000) shares of its common stock, One Dollar (\$1.00) par, to M. C. Yahne.
2. Authorizing applicant M. C. Yahne, an individual doing business under the name and style of Inland Stages, to sell, and applicant M. C. Yahne, Inc., a corporation, to purchase operative rights, routes and privileges.
3. Permitting applicant M. C. Yahne, Inc., a corporation, to consolidate the operative rights heretofore granted to applicant M. C. Yahne, an individual, by the following decisions, to-wit: Decisions No. 26557, No. 26050 and No. 26568, and to operate under the name of Inland Stages.
4. For such other and further order or orders as the Commission may deem proper in the premises.

It appears that M. C. Yahne, Inc. is a corporation organized under the laws of the State of California, on or about July 29, 1933, for the purpose of acquiring operative rights now owned by M. C. Yahne, an individual doing business under the firm name and style of Inland Stages, and property necessary for conducting business under such rights. To that end it has entered into an agreement, dated December 1, 1933, with M. C. Yahne, a copy of which is filed with this application as Exhibit "E", providing for the transfer of such rights and properties.

The operative rights proposed to be transferred permit the transportation by autostages of passengers and property generally between Los Angeles and San Bernardino and San Diego and between Los Angeles and Coleville, with no local service between Bishop and Mono Lake. Such rights were acquired by M. C. Yahne, the present owner, under authority granted by the Commission by Decision No. 26050, dated June 12, 1933, in Application No. 18812, Decision No. 26557, dated November 25, 1933, in Application No. 18992, and by Decision No. 26568, dated November 25, 1933, in Application No. 19173.

The physical properties include eight autostages reported in Exhibit "B" to have cost M. C. Yahne \$10,114.75 and to have a depreciated value as of October 1, 1933 of \$9,544.55.

The agreement provides that in consideration for the transfer by M. C. Yahne of his operative rights, property and assets, the corporation, M. C. Yahne, Inc., will assume all liabilities and will issue to him 5,000 shares of its common capital stock of the aggregate par value of \$5,000.00. In this connection applicants have filed, as Exhibit "A", a balance sheet as of September 30, 1933, showing the assets to be transferred and the liabilities to be assumed as follows;

A S S E T S

<u>CURRENT ASSETS:</u>	
Cash in bank and on hand	\$3,695.73
Accounts receivable	1,908.98
Total current assets	<u>5,604.71</u>
Insurance deposits	449.40
<u>FIXED ASSETS:</u>	
Passenger cars	\$10,114.75
Less reserve for depreciation	600.50
	<u>9,514.25</u>
Franchises	211.80
Prepaid expenses	9,726.05
	<u>386.88</u>
Total assets	<u>\$16,167.04</u>

L I A B I L I T I E S

<u>CURRENT LIABILITIES:</u>	
Accounts payable	\$ 1,910.75
Equipment purchase obligations, due within one year	1,547.00
Accrued California gross receipts tax	384.64
Total current liabilities	<u>5,842.39</u>
Net worth	<u>12,324.65</u>
Total liabilities	<u>\$16,167.04</u>

M. C. Yahne, Inc. asks permission, upon acquiring the operative rights to consolidate them and to operate under the name of Inland Stages. However, it has included no showing in its application, of public convenience and necessity to be served by such a consolidation and it does not appear to us that such an order should be made. We have no objection if the corporation conducts its operations under the name of Inland Stages.

It appears to us that the issue of \$5,000.00 of stock is not unreasonable for the purpose of this proceeding. In making our order authorizing the issue of stock and the transfer of properties, we wish to place the purchaser upon notice that operative rights do not constitute a class of property which should be capitalized or used as an element of value in determining reasonable rates. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the

state which is not in any respect limited to the number of rights which may be given.

O R D E R

M. C. Yahne having applied to the Railroad Commission for authority to transfer operative rights and M. C. Yahne, Inc., having applied for permission to purchase such rights, to consolidate the same and to issue \$5,000.00 par value of its capital stock, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the transfer of such rights and the issue of such stock should be authorized, that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, and that the request to consolidate rights should be dismissed without prejudice, therefore,

IT IS HEREBY ORDERED, that M. C. Yahne be, and he hereby is, authorized to transfer to M. C. Yahne, Inc. and M. C. Yahne, Inc. be, and it hereby is, authorized to acquire, the operative rights, referred to and described in the application herein, which heretofore had been acquired by M. C. Yahne pursuant to authority granted by Decision No. 26050, dated June 12, 1933, Decision No. 26557, dated November 25, 1933 and Decision No. 26568, dated November 25, 1933, subject to the restrictions and conditions contained in such decisions, and the physical properties used in conducting business under such rights, such transfer to be in accordance with the terms of the agreement, dated December 1, 1933, a copy of which is filed in this proceeding as Exhibit "E".

IT IS HEREBY FURTHER ORDERED, that M. C. Yahne, Inc. be, and it hereby is, authorized, in payment for such rights and properties, to assume the outstanding indebtedness of M. C. Yahne, aggregating \$3,842.39 as of September 30, 1933, and to issue \$5,000.00 par value of its common capital stock.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted is subject to the following conditions:-

1. The consideration to be paid for the property herein authorized to be transferred shall never be urged before this Commission or any other rate fixing body as a measure of value of said property for rate fixing, or any purpose other than the transfer herein authorized.

2. Applicant M. C. Yahne shall immediately unite with applicant M. C. Yahne, Inc. in common supplement to be filed in triplicate, to the tariffs on file with the Commission covering service given under certificate herein authorized to be transferred, applicant M. C. Yahne on the one hand withdrawing, and applicant M. C. Yahne, Inc. on the other hand accepting and establishing such tariffs and all effective supplements thereto.

3. Applicant M. C. Yahne shall immediately withdraw time schedules filed in his name with the Railroad Commission and applicant M. C. Yahne, Inc. shall immediately file, in duplicate, in its own name time schedules covering service heretofore given by applicant M. C. Yahne, which time schedules shall be identical with the time schedules now on file with the Railroad Commission in the name of applicant M. C. Yahne or time schedules satisfactory to the Railroad Commission.

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

5. No vehicle may be operated by applicant M. C. Yahne, Inc. unless such vehicle is owned by said applicant or is leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

6. M. C. Yahne, Inc. shall keep such record of the issue of the stock herein authorized as will enable it to file, within thirty (30) days thereafter, a report such as is required by the Railroad Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

7. M. C. Yahne, Inc. may, if it so desires, conduct its operations under the name of Inland Stages.

IT IS HEREBY FURTHER ORDERED, that the application insofar as it contains a request by M. C. Yahne, Inc. to consolidate rights be, and it hereby is, dismissed without prejudice.

IT IS HEREBY FURTHER ORDERED, that the order herein will become effective fifteen (15) days from the date hereof.

DATED at San Francisco, California, this 18th day of December, 1933.

W. L. Lacey
Leon A. White
W. J. Linn
M. B. Linn
W. H. Linn

Commissioners.