

Decision No. 28785

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
WALKUP DRAYAGE & WAREHOUSE COMPANY, )  
a corporation, and MERCHANTS EXPRESS )  
CORPORATION, a corporation, for an ) Application No. 20460  
order authorizing the borrowing of )  
money and the mortgaging and pledg- )  
ing of property as security. )

Fitzgerald, Abbott & Beardsley, for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

This is an application filed jointly by Walkup Drayage & Warehouse Company and Merchants Express Corporation for an order authorizing the issue of notes in the aggregate principal amount of \$208,000. for the purpose of refinancing outstanding indebtedness.

The records of the Commission show that Walkup Drayage & Warehouse Company is engaged in the transportation of goods for compensation by auto trucks and in the public utility warehouse business with its principal field of operations being in San Francisco, and that Merchants Express Corporation is engaged generally in the business of transporting property by auto trucks between San Francisco and East Bay points and in the warehouse business in Oakland. Under authority heretofore granted by the Commission Walkup Drayage & Warehouse Company acquired, and now holds, all the outstanding stock (\$100,000. par value) of Merchants Express Corporation.

The present application shows that both corporations have outstanding numerous items of indebtedness, aggregating \$208,173.89, as follows:-

Obligations of Walkup Drayage & Warehouse Company

Note dated August 1st, 1935, payee, Central Bank of Oakland, original amount, \$60,000.00, interest six per cent, due on demand, present balance . . . . . \$45,000.00  
Loan to corporation.

Note dated January 30th, 1936, payee, Central Bank of Oakland, original amount, \$20,000.00, interest six per cent, due on demand, present balance . . . . . 20,000.00  
Loan to corporation.

Contract dated July 1st, 1935, payee, International Harvester Co., original amount \$41,141.00, interest six per cent, due in monthly installments over a period of eighteen months, present balance . . . . . 33,791.00  
Sale of equipment.

Contract dated July 24, 1935, payee, International Harvester Co., original amount \$3,675.00, no interest, due in monthly installments over a period of eighteen months, present balance . . . . . 3,175.00  
Sale of equipment.

Contract dated September 25, 1935, payee, International Harvester Co., original amount \$17,242.50, no interest, due in monthly installments over a period of two years, present balance . . . . . 16,156.50  
Sale of equipment.

Contract dated September 25, 1935, payee, International Harvester Co., original amount \$2,440.48, no interest, due in monthly installments over a period of two years, present balance . . . . . 2,284.48  
Sale of equipment.

Contract dated September 25, 1935, payee, International Harvester Co., original amount \$4,945.70, no interest, due in monthly installments over a period of two years, present balance . . . . . 4,603.70  
Sale of equipment.

Contract dated September 25, 1935, payee, International Harvester Co., original amount \$10,345.50, no interest, due in monthly installments over a period of two years, present balance (Sale of equipment) . . . . . 9,697.50

Contract dated December 30, 1935, payee, General Motors Truck Co., original amount \$39,295.15, no interest, due in monthly installments over a period of two years, present balance . . . . . 39,295.17  
Sale of equipment.

Open account to Cochran & Celli, amount owing as of April 13th, 1936, \$8,762.25, present balance . . . 8,762.25  
Total . . . . . \$182,765.60

Obligations of Merchants Express Corporation:

Note dated February 1st, 1935, payee, Bank of America N.T. & S.A., original amount \$20,000.00, interest six per cent, due in monthly installments, final payment due August 1st, 1938, present balance . . . . . \$ 16,000.00  
Loan secured by chattel mortgage (Note 1)

Note dated February 1st, 1935, payee, Bank of America N.T. & S.A., original amount \$5,000.00, interest six per cent, due in monthly installments present balance (Final payment August 1, 1938) . . . . . 4,000.00  
Loan secured by chattel mortgage (Note 1)

Open account to Cochran & Celli, amount owing as of	
March 31st, 1936, \$5,408.29, present balance . . . .	\$5,408.29
Total . . . . .	\$ 25,408.29

( Note 1: Authorized by Decision No. 27741,  
dated February 6, 1935 ).

Total obligations of both applicants.....\$ 208,173.89

It is reported that the foregoing tabulation includes all the existing obligations of Walkup Drayage & Warehouse Company and substantially all the obligations of Merchants Express Corporation. It appears to be the desire of applicants to pay and discharge the liabilities, some of which are now due and some of which are payable in substantial installments in the near future, and to create but one item of indebtedness in place of the several now outstanding. To that end, and to provide the necessary funds, they have made arrangements to borrow \$208,000. from Central Bank of Oakland and to issue in evidence thereof, jointly and severally, their two promissory notes in the principal amount of \$104,000. each, payable \$900. on June 1, 1936 and \$900. on the first day of each and every month thereafter to and including May 1, 1937, and \$2,000. on June 1, 1937, and \$2,000. on the first day of each and every month thereafter to and including March 1, 1941 and \$1,200. on April 1, 1941, with interest at the rate of six per cent per annum from date of issue payable monthly.

To secure the payment of the notes to be issued, applicants plan to execute the following instruments:-

- (a) Loan agreement by and between Federal Reserve Bank of San Francisco and Walkup Drayage & Warehouse Company and Merchants Express Corporation, a copy of which is filed as Exhibit B;
- (b) General pledge and collection agreement, a copy of which is filed as Exhibit C;
- (c) Assignment and transfer to Central Bank of Oakland by Walkup Drayage & Warehouse Company of all the issued and outstanding stock of Merchants Express Corporation;
- (d) Four chattel mortgages, two to be executed by Walkup Drayage & Warehouse Company and two by Merchants Express Corporation covering substantially all of applicants' automotive.

and trailer equipment and other personal property, fixtures and equipment, a copy of the form of said chattel mortgages being filed as Exhibit D.

The plans of applicants to substitute the two notes for the many items of indebtedness now outstanding and of thus extending the time for payment as proposed, undoubtedly are of advantage to them in the conduct of their operations. A review of their financial statements on file with this Commission indicates that their revenues should be sufficient to enable them to meet their obligations under the proposed note issue.

An order accordingly will be entered in the proceeding:-

O R D E R

Walkup Drayage & Warehouse Company and Merchants Express Corporation having applied to the Railroad Commission for an order authorizing the execution of certain instruments and issue of promissory notes in the total face value of \$208,000., and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of said notes is reasonably required for the purpose specified herein, which purpose is not in whole or in part reasonably chargeable to operating expense or to income,

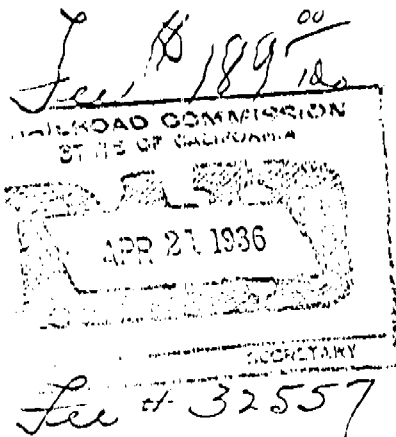
IT IS HEREBY ORDERED that Walkup Drayage & Warehouse Company and Merchants Express Corporation be and they hereby are authorized to execute and enter into <sup>a general pledge and collection agreement</sup> a loan agreement, and four chattel mortgages, substantially in the same form as those filed in this proceeding as Exhibits B, C and D respectively, provided that the authority herein given to execute the aforesaid instruments is for the purpose of this proceeding only and is granted only insofar as the Railroad Commission

has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said instruments as to such other legal requirements to which they may be subject.

IT IS HEREBY FURTHER ORDERED that Walkup Drayage & Warehouse Company and Merchants Express Corporation be and they hereby are authorized to issue two promissory notes in the total face amount of \$208,000.00 payable as set forth in the opinion preceding this order, for the purpose of paying and discharging the indebtedness referred to in said opinion; provided that applicant shall keep such record of the issue of said notes and of the disposition of the proceeds as will enable them 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 insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when applicants have paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Eighty-nine (\$189.00) Dollars.

DATED at San Francisco, California, this 20<sup>th</sup> day of April, 1936.



*W B Harris*  
*Leon A. White*  
*W. J. Law*  
*W. H. Thompson*  
*W. R. Perry*  
Commissioners.