

Decision No. 34832

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

IN THE MATTER OF THE APPLICATION OF

CHESTER A. NELSON to sell, and of  
LYON VAN & STORAGE CO. to purchase  
certain shares of stock,

and of

LYON VAN & STORAGE CO. to dissolve  
Pasadena Transfer and Storage Company,  
a corporation, and in connection  
therewith, if necessary, to assume,  
renew or refund and refinance a  
certain encumbrance.

Application  
No. 24610

BY THE COMMISSION:

O P I N I O N

This is an application, made jointly by Chester A. Nelson, an individual, and Lyon Van & Storage Co., a corporation, for an order of the Railroad Commission authorizing Lyon Van & Storage Co. to acquire from Chester A. Nelson, 750 shares (\$75,000 per value) of the outstanding stock of Pasadena Transfer and Storage Company, to assume an outstanding note for \$59,237.13 and to renew or refinance said indebtedness.

The application shows that Chester A. Nelson is a director of Lyon Van & Storage Co. and the president and a director of Lyon Van Lines, Inc., its wholly owned subsidiary.

He also is the owner of all the issued and outstanding stock of Pasadena Transfer and Storage Company.

Lyon Van & Storage Co., one of the applicants herein, is a corporation engaged in business as a public utility warehouseman at several points in the State of California and also in nonutility operations. Pasadena Transfer and Storage Company, according to the application, is the owner of certain warehouse properties located in Pasadena, consisting of real property at 55 South Marengo Avenue, having a frontage of 66 feet and a depth of 220 feet, upon which there is situate a seven-story reinforced concrete building containing an available storage capacity of approximately 65,000 square feet.

The assets and liabilities of Pasadena Transfer and Storage Company, as of October 31, 1941, are reported in Exhibit "B" as follows:

<u>Assets</u>		
Current assets -		
Cash on hand and in bank	\$ 1,778.39	
Accounts receivable	21,011.66	
Merchandise	<u>20,888.40</u>	\$ 43,678.45
Investments		1,973.82
Prepaid expenses		232.80
Fixed assets, less reserve for depreciation		95,978.59
Goodwill		<u>2,500.00</u>
Total		<u>\$144,363.66</u>
<u>Liabilities</u>		
Current liabilities -		
Accounts payable	\$11,065.26	
Notes payable	1,627.86	
Accrued liabilities	<u>868.74</u>	\$ 13,621.86
Mortgage payable		59,613.33
Capital and surplus -		
Capital stock	75,000.00	
Surplus	<u>(3,871.53)</u>	<u>71,128.47</u>
Total		<u>\$144,363.66</u>

It is reported that Chester A. Nelson heretofore has acquired for \$33,750, the outstanding \$75,000 of stock of Pasadena Transfer and Storage Company and that arrangements now have been made whereby Lyon Van & Storage Co. will pay to Chester A. Nelson the net sum of \$33,750 in cash for said stock. Thereafter, Lyon Van & Storage Co. will cause the dissolution of Pasadena Transfer and Storage Company and the distribution of its assets, to the end that the business now operated by Pasadena Transfer and Storage Company will be carried on as part of the general business of Lyon Van & Storage Co. under one ownership. In this connection, Lyon Van & Storage Co. will take over the liabilities of Pasadena Transfer and Storage Company, including, among others, a note secured by a deed of trust, dated November 17, 1939, in the original amount of \$68,000, with interest at the rate of 4% per annum, principal and interest being payable in monthly installments of \$575 up to November 17, 1944 when the entire amount of principal and interest then remaining unpaid shall be due and payable. The principal of the note has been reduced to \$59,237.13 as of November 22, 1941.

In the course of the dissolution of Pasadena Transfer and Storage Company, the beneficiary of the outstanding note and deed of trust may require Lyon Van & Storage Co. to assume or renew the same in its own name. Accordingly, the company has asked permission to assume the obligation, or to renew the same on no less favorable terms than the present ones, or to refinance the indebtedness by means of a new note and deed of trust on no less favorable terms. It has filed in this proceeding a copy of the present deed of trust as its

Exhibit C-1 and a copy of the present note as its Exhibit C-2.

Pasadena Transfer and Storage Company has no warehouse tariffs on file with this Commission. It is reported that it owns no operating rights, either interstate or intrastate, except a city carrier permit and a radial highway common carrier permit, and that in the operation of its warehouse it stores only second-hand household goods or effects and merchandise sold but retained in the custody of the vendors. Applicants state that they are uncertain if Pasadena Transfer and Storage Company is a warehouseman as defined in the Public Utilities Act or if the acquisition of its stock by Lyon Van & Storage Co. requires the approval of the Commission. However, they have made the present request as a precautionary measure to avoid any adverse effects of any future holding that Pasadena Transfer and Storage Company should be classed as a public utility.

However, regardless of the status of Pasadena Transfer and Storage Company, the proposals of Lyon Van & Storage Co. to assume long-term debt and to issue a note and deed of trust do require the approval of the Commission. The order herein, so far as the Commission has jurisdiction, will permit the company to acquire said shares of stock and to assume or issue a note, as requested. There appears to be no necessity for authorizing Chester A. Nelson to transfer his shares of stock.

#### O R D E R

Application having been made to the Railroad Commission for an order authorizing Lyon Van & Storage Co. to

acquire stock and to assume and issue a note and deed of trust, and the Commission being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for is reasonably required for the purpose specified herein and that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore

IT IS HEREBY ORDERED as follows:

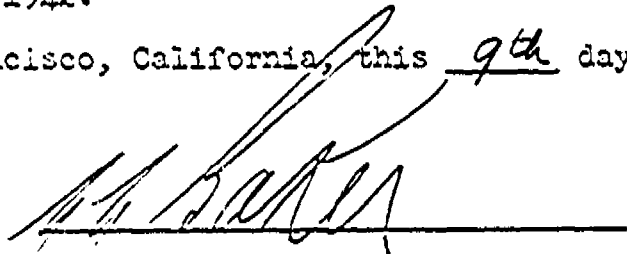
1. Lyon Van & Storage Co. may acquire and hold the 750 outstanding shares (\$75,000 par value) of stock of Pasadena Transfer and Storage Company.
2. Lyon Van & Storage Co., upon dissolution of Pasadena Transfer and Storage Company, may assume the payment of the outstanding indebtedness, represented by a note and deed of trust, of not exceeding \$59,237.13 principal amount, referred to in the foregoing opinion.
3. Lyon Van & Storage Co. may renew said note and deed of trust in its own name on the same terms and conditions as the present note and deed of trust or may refund and refinance the obligation by a new note and deed of trust to be in, or substantially in the same form as, and in terms no less favorable than, the note and deed of trust filed in this proceeding as Exhibit C-2 and Exhibit C-1, respectively, said note, if issued, to be in the principal amount of not more than \$59,237.13.
4. The authority herein granted is for the purpose of this proceeding only and is given only insofar as this

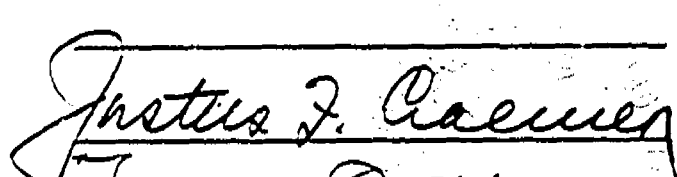
Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of the proposed transactions, referred to herein, as to such other legal requirements to which they may be subject.

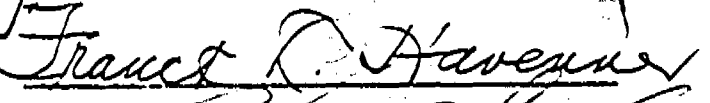
5. Lyon Van & Storage Co. shall file with the Commission on or before February 28, 1942, a statement showing the action taken by it under the authority herein granted and, if it issues a new note and deed of trust, a certified copy of such note and deed of trust.

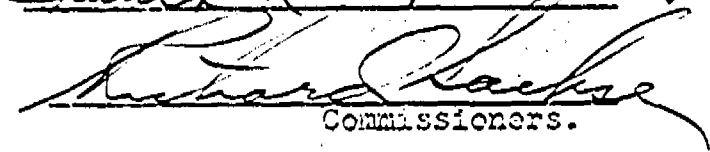
6. The authority herein granted will become effective when Lyon Van & Storage Co. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Sixty (\$60.00) Dollars. Under such authority no stock may be acquired or a note and deed of trust assumed, renewed or issued after February 15, 1942.

Dated at San Francisco, California, this 9th day of December, 1941.

  
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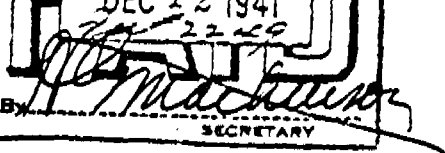
Commissioners.

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RAILROAD COMMISSION  
STATE OF CALIFORNIA

**PAID**

DEC 12 1941

BY   
SECRETARY