

Decision No. 24820

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of

PACIFIC FREIGHT LINES EXPRESS, a corporation, for authority to execute, as a co-maker with Pacific Freight Lines, a note or notes aggregating \$650,000.00.

Application No. 24820

BY THE COMMISSION:

O P I N I O N

Pacific Freight Lines Express asks permission to execute, as co-maker with Pacific Freight Lines, a note or notes in the aggregate face amount of \$650,000. The proceeds will be used for the purposes hereinafter indicated.

Pacific Freight Lines Express is a wholly owned subsidiary of Pacific Freight Lines. The Interstate Commerce Commission, subject to the provisions of its decision of March 20, 1942, authorizes the merger of Pacific Freight Lines and Pacific Tank Lines, Inc. and the issue by Pacific Freight Lines, the surviving corporation, of its unsecured promissory note or notes in the face amount of not exceeding \$650,000. A copy of the merger agreement, effective as of 12:01 a.m. on April 1, 1942, is on file in this proceeding. The information at hand shows that the note proceeds will be used to pay indebtedness incurred by Pacific Freight Lines and Pacific Tank Lines, Inc., and for working capital. As of March 30, 1942, the indebtedness to be paid

is reported as follows:

Equipment contracts	\$278,611.30
Notes payable	195,000.00
Accounts payable to G. M. Duntley	30,000.00
Back salaries payable to officers	40,568.00
Additional income taxes for 1938, 1939 and 1940	<u>50,000.00</u>
Total	<u>\$594,179.30</u>

It is urged that Pacific Freight Lines Express will receive a valuable consideration for the execution of the note or notes in that it has a right to use the equipment and terminals of Pacific Freight Lines. Some of the proceeds realized through the execution of the note or notes will be used to pay indebtedness due on equipment and terminals. The right of applicant to use equipment and terminals of Pacific Freight Lines is covered by an agreement on file with the Commission. This agreement can be terminated by either Pacific Freight Lines or Pacific Freight Lines Express on thirty days' notice in writing to that effect to the other party. The order herein will authorize Pacific Freight Lines Express to become a co-maker of the note or notes, provided said agreement is revised or amended so that Pacific Freight Lines cannot cancel the same during the term of the note or notes issued under the authority herein granted.

O R D E R

The Commission having considered the application of Pacific Freight Lines Express for permission to execute a note or notes as co-maker with Pacific Freight Lines, in the face amount of not exceeding \$650,000, and it being of the opinion that this is not a matter on which a hearing is necessary; that the

money obtained through the issue of said note or notes is required for the purpose of paying indebtedness and of providing Pacific Freight Lines and Pacific Freight Lines Express with funds to conduct their business, and that this application should be granted subject to the provisions of this order, and not otherwise, therefore,

IT IS HEREBY ORDERED that Pacific Freight Lines Express be, and it is hereby, authorized to execute, after the effective date hereof and prior to September 30, 1942, as co-maker with Pacific Freight Lines, its unsecured promissory note or notes in the face amount of not exceeding \$650,000, payable in monthly installments of \$15,000 or more at the option of the makers, with interest at 4% per annum, payable monthly, said note or notes to be otherwise issued subject to the agreement filed as Exhibit B-3-(h) in Interstate Commerce Commission Docket MC-F 1779, a copy of which is on file in this proceeding.

IT IS HEREBY FURTHER ORDERED that the proceeds realized through the issue of said note or notes shall be used to pay the indebtedness of Pacific Freight Lines, referred to in the foregoing opinion, and other indebtedness of said Pacific Freight Lines or of Pacific Freight Lines Express, or for the improvement and maintenance of the service of said Pacific Freight Lines and said Pacific Freight Lines Express.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Pacific Freight Lines Express has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Six Hundred and Fifty (\$650.00) Dollars, and

when said Pacific Freight Lines Express has filed with the Commission a revised or amended copy of the agreement between said Pacific Freight Lines Express and said Pacific Freight Lines for the joint use of equipment and terminals of said Pacific Freight Lines, which agreement shall provide that said Pacific Freight Lines may not cancel the same so long as the principal of said note or notes, or any part thereof, remains unpaid

IT IS HEREBY FURTHER ORDERED that Pacific Freight Lines shall file with the Commission within sixty (60) days after the execution of said note or notes a copy of said note or notes and also a statement showing the purposes for which the proceeds realized through the issue of said note or notes have been expended.

Dated at San Francisco, California, this 2nd day of April, 1942.

Justice F. Casper
Ray L. Curry

Francis R. Havens

Commissioners

