

Decision No. 35244

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of LANDIER TRANSIT CO. INC., a Corporation, for an order approving re-financing of several loans, for purchase of equipment, borrowing of money and the execution of notes and chattel mortgages.

Application No. 24877

BY THE COMMISSION:

O P I N I O N

In this proceeding, Landier Transit Co. Inc. asks the Railroad Commission for an order approving the issue of notes for the principal sum of \$56,161.14 and the execution of chattel mortgages to secure the payment of some of such notes.

Applicant is engaged in conducting a common carrier bus service and operating school buses. For 1941 it reports operating revenues of \$137,212.62 and operating expenses of \$133,494.01, leaving net revenues of \$3,718.61. The operating expenses include an allowance of \$33,478.34 for depreciation.

Applicant's petition shows that on December 5, 1941, it issued to Fishermen and Merchants Bank of San Pedro its note for the sum of \$8,121.35, payable in monthly installments of \$450.00 each, beginning December 20, 1941 for seventeen (17) months, and \$471.35 as the eighteenth and final payment. The payment of this note is secured by a chattel mortgage which is a lien on nineteen (19) of applicant's buses. The note includes

\$573.57 for interest. Proceeds of the note were used to pay indebtedness. A copy of the note is filed as Exhibit C.

Applicant's petition further shows that on December 12, 1941, it issued to August Felando and Susie Felando, husband and wife, as joint tenants, its note for \$32,000. This note bears interest at the rate of 7% per annum, payable monthly. The note is payable in monthly installments of \$1,600 each, beginning January 20, 1942 and continuing for twenty (20) successive months, with the exception that no installments are payable in August and September, 1942, or in August and September, 1943. \$22,832.53 realized through the issue of said note was used to pay the balance due on a note issued under Commission authorization to The Anglo California National Bank of San Francisco. The remainder of the proceeds were used to pay current indebtedness. The payment of the note is secured by a chattel mortgage which is a lien on forty-seven (47) of applicant's school buses. A copy of the note and a copy of the chattel mortgage are filed in this proceeding as Exhibit D and Exhibit D-1, respectively.

Applicant's petition further shows that on February 3, 1942 it issued to Arthur V. Harvey its note for \$6,364.79. This includes \$360.27 for interest. The note is payable in installments of \$125 each for nineteen monthly payments, the first payment to be made on March 20, 1942, and on the twentieth payment the sum of \$3,969.79. No payments need be made during the months of August and September of the years 1942 and 1943. The note represents the balance due under a contract dated February 3, 1942, for the purchase at a cost of \$12,000, of ten (10) buses from Arthur V. Harvey and the assignment to applicant of his contracts for the transportation of pupils for the

Board of Education of the City of Los Angeles. A copy of the note is filed in this proceeding as Exhibit E.

Applicant's petition further shows that on February 9, 1942 it issued to the Fishermen and Merchants Bank of San Pedro its note for \$9,675. This note includes \$675 for interest. The principal and interest are payable in monthly installments of \$537.50, beginning March 20, 1942. A copy of the note is filed in this proceeding as Exhibit F, and a copy of the chattel mortgage securing the payment of the note as Exhibit F-1. The proceeds of the note were used to pay indebtedness.

The notes herein mentioned were issued and the chattel mortgages executed without authorization from the Commission. It occurs to us that under Sections 51 and 52 of the Public Utilities Act they are void. We cannot approve void notes or chattel mortgages. The order herein will authorize applicant to issue new notes and execute new chattel mortgages.

O R D E R

The Commission having considered applicant's requests and it being of the opinion that this is not a matter on which a hearing is necessary; that the money, property or labor to be procured or paid for by the issue of notes in the sum of not exceeding \$56,161.14 by Landier Transit Co. Inc. is required by said company for the purpose of paying indebtedness, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED that Landier Transit Co. Inc. be, and it is hereby, authorized to issue, after the effective

date hereof and on or before May 31, 1942, notes as follows:

a. To Fishermen and Merchants Bank of San Pedro a note for not more than.....	\$ 8,121.35
b. To August and Susie Felando, husband and wife, a note for not more than.....	32,000.00
c. To Arthur V. Harvey a note for not more than.....	6,364.79
d. To Fishermen and Merchants Bank of San Pedro a note for note more than.....	<u>9,675.00</u>
Total	<u>\$56,161.14</u>

Said notes are to be substantially in the same form as the notes filed in this proceeding as Exhibits C, D, E-1 and F. Said Landier Transit Co. Inc. shall use the proceeds realized through the issue of the notes to pay the indebtedness represented by the void notes set forth in the foregoing opinion.

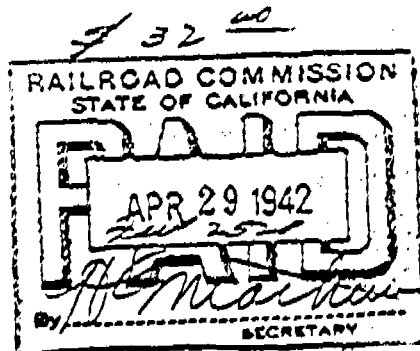
IT IS HEREBY FURTHER ORDERED that Landier Transit Co. Inc. be, and it is hereby, authorized to execute after the effective date hereof and on or before May 31, 1942, chattel mortgages substantially in the same form as the chattel mortgages filed in this proceeding as Exhibits C, D-1, and F-1, provided that the authority herein granted to execute said chattel mortgages is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said chattel mortgages as to such other legal requirements to which said chattel mortgages may be subject.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Landier Transit Co. Inc. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Fifty-seven (\$57.00) Dollars.

IT IS HEREBY FURTHER ORDERED that within sixty (60) days after the issue of the notes herein authorized, Landier Transit Co. Inc. shall file with the Railroad Commission a true copy of each note and a true copy of each chattel mortgage issued or executed under the authority herein granted, together with a statement showing the purposes for which said Landier Transit Co. Inc. has used the proceeds realized through the issue of said notes.

Dated at Los Angeles, California, this 14<sup>th</sup> day of April, 1942.

Justice J. Casper  
Chas. H. Rice  
H. H. Baker  
Francis D. Havens  
Richard L. ...  
Commissioners



In changed by Sec. 35287  
ap. 21. 1942. ap. 24877  
H. M. ...  
see