

ORIGINAL

Decision No. 35754

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of H. P. MATTHEWS, doing business as CONSOLIDATED EXPRESS SERVICE, and JOSEPH J. HOLECEK, doing business as WESTERN STATES EXPRESS, to sell and transfer, and WESTERN CONSOLIDATED EXPRESS, a corporation, to buy, the rights to operate as "express corporations", and of WESTERN CONSOLIDATED EXPRESS, a corporation, to issue stock.

Application  
No. 25195

Gwyn H. Baker, for Applicants.

BY THE COMMISSION:

O P I N I O N

Applicant, H. P. Matthews, doing business under the name and style of Consolidated Express Service, with his main office at 72 Townsend Street, San Francisco, asks permission to transfer his operative rights to Western Consolidated Express, a corporation.

Applicant, Joseph J. Holecek, doing business under the name and style of Western States Express, with his main office at 175 Shipley Street, San Francisco, asks permission to transfer his operative rights to Western Consolidated Express, a corporation.

Applicant, Western Consolidated Express, a corporation, organized and existing under and by virtue of the laws of the State of California, asks permission to issue 300 shares of no par value capital stock for the consideration of \$3,000 and use said \$3,000 for working capital, and to acquire the operative rights of said H. P. Matthews and said Joseph J. Holecek.

The petition alleges that H. P. Matthews and Joseph J. Holecek are both engaged in business as an express corporation, as defined in Section 2(k) of the Public Utilities Act. The testimony further shows that they are also engaged in the business of a freight forwarder and that they operate in California and several other western states.

H. P. Matthews in his 1941 annual report shows total charges for transportation of \$74,870.41 and a net income of \$4,713.25. Joseph J. Holecek in his 1941 annual report shows total charges for transportation of \$154,203.47 and a net income of \$7,822.53.

Applicants, H. P. Matthews and Joseph J. Holecek, have caused to be organized, Western Consolidated Express, a corporation, and have offered to transfer to such corporation their operative rights and lease to the corporation their motor truck equipment used in their express business. The main office of the corporation will be at 175 Shipley Street, San Francisco. The consolidation of the operations of applicants, H. P. Matthews and Joseph J. Holecek, into the Western Consolidated Express service will eliminate a great deal of duplicate operation, reduce the number of trucks in service and

thereby save tires, and result in the establishment of a more efficient, centralized, and responsible organization. The consolidation will not cause the dismissal of any personnel now employed by applicants, H. P. Matthews and Joseph J. Holecek.

Because of the disparity in the value of the equipment of applicants, H. P. Matthews and Joseph J. Holecek, it has been concluded to lease such equipment to the corporation. This, however, will not preclude the corporation from acquiring equipment and other property which it may need in the conduct of its business.

Applicants, H. P. Matthews and Joseph J. Holecek, have each advanced or will advance to Western Consolidated Express, a corporation, \$1,500 as working capital. In exchange for this advance, they will accept the corporation's stock. It asks permission to issue 300 shares of its no par value capital stock. We believe that the shares of stock should be issued at a stated value of \$25 per share. The order herein will authorize the corporation to issue 120 shares of its capital stock for a consideration of \$3,000.

O R D E R

A public hearing having been held on the above entitled application before Examiner Fankhauser; the Commission having considered the evidence submitted at such hearing and it being of the opinion that the money, property or labor to be procured or paid for through the issue of 120 shares of

capital stock at \$25 per share is reasonably required by Western Consolidated Express for working capital; that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:

1. H. P. Matthews, doing business as Consolidated Express Service, and Joseph J. Holecek, doing business as Western States Express, be, and they are hereby, authorized to transfer, on or before November 1, 1942, to Western Consolidated Express, a corporation, whatever operative rights they may possess to transport property within California as express corporations, and said Western Consolidated Express, a corporation, may acquire said operative rights, provided tariffs on file with the Commission, naming rates, rules and regulations governing the operations of H. P. Matthews and Joseph J. Holecek, be canceled simultaneously with said transfer, on not less than five days' notice, and that, effective concurrently, Western Consolidated Express, a corporation, file a tariff naming rates, rules and regulations which are identical with those named in the tariffs to be canceled, except that where differences exist in the rates, rules or regulations contained in the tariffs of H. P. Matthews and Joseph J. Holecek, the lower of such rates and the rules and regulations which are the more liberal or less restrictive shall be filed by Western Consolidated Express, a corporation, or rates, rules and regulations satisfactory to the Commission.

2. Western Consolidated Express, a corporation, may, on or before November 1, 1942, issue and sell at not less than \$25 per share, 120 shares of its no par value capital stock and use the proceeds for working capital.

3. Western Consolidated Express, a corporation, shall within thirty days after acquiring the aforesaid properties, file with the Railroad Commission a copy of the bills of sale or other instruments under which it acquired and holds title to said properties, and shall also file with the Railroad Commission a report showing the number of shares of stock issued under the authority herein granted, the consideration received for said shares of stock, the names of the persons to whom said shares of stock were issued, and the purpose for which it will use the proceeds realized through the issue and sale of said shares of stock.

4. This application insofar as it involves the issue of 180 shares of stock is hereby dismissed without prejudice.

5. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 15<sup>th</sup> day of September, 1942.

Justus J. Clauser  
Francis J. Staben  
Richard Lachse  
Commissioners.