

Decision No. 36428

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 the purchase of
equipment, the execution of a
note and chattel mortgages, and
Conditional Sales Contracts, and
the re-financing of a loan.

Application No. 25565

BY THE COMMISSION:

O P I N I O N

In this application, Landier Transit Co. Inc. asks the Commission to enter its Order approving the issue of a note and conditional sales contracts in the aggregate sum of \$92,533.96 and the execution of a chattel mortgage to secure the payment of some of such indebtedness.

Applicant is engaged in operating common carrier bus lines and also in the operation of school bus transportation and contract transportation in Los Angeles County. For the year ending December 31, 1942, it reports gross operating revenues of \$282,009.89 and operating expenses of \$276,451.70, leaving a net operating profit of \$5,558.19. In addition, applicant reports profit on the sale of equipment of \$15,803.68 or a total net profit before provision for Federal and State

taxes of \$21,361.87. State and Federal taxes are reported at \$11,719.72. The operating expenses include \$57,924.25 for depreciation expense.

About \$48,500 of applicant's operating revenues were from common carrier operations.

Applicant's petition shows that on June 10, 1942 it purchased from Crown Body & Coach Corporation, one 49-passenger 1942 Crown Super Coach bus at a cost of \$8,652. Of the purchase price it paid in cash \$1,152. The balance plus interest in the sum of \$519.36 is payable in twenty-four equal monthly payments of \$334.14, beginning June 15, 1942 under a conditional sales contract. A copy of this contract is attached to applicant's petition as Exhibit C.

Applicant's petition further shows that on September 28, 1942, it acquired a 41-passenger bus from Crown Body & Coach Corporation at a cost of \$10,025.50. On this bus it made a down payment of \$2,525.50. For the balance plus \$750 of interest, it executed a conditional sales contract which calls for monthly payments of \$343.75, starting October 28, 1942. A copy of this contract is attached to applicant's petition as Exhibit D.

Applicant's petition further shows that on January 7, 1943, it purchased a 61-passenger bus from Crown Body & Coach Corporation at a cost of \$12,123.60. It paid \$3,030.15 of the purchase price in cash. The remainder of the purchase price, to-wit: \$9,093.45 plus \$909.35 of interest is payable under a conditional sales contract. It requires a payment of \$457.80 on February 15, 1943 and \$415 monthly starting March

15, 1943 until paid. A copy of this contract is attached to applicant's petition as Exhibit E.

Applicant's petition further shows that on March 9, 1943, it purchased a 41-passenger bus from Crown Body & Coach Corporation at a cost of \$10,775.50. It made a down payment of \$2,675.50, leaving a balance due of \$8,100. It executed for this amount a conditional sales contract which requires installment payments of \$300 per month, beginning April 9, 1943, with interest thereon at 6% per annum, payable monthly. A copy of this contract is attached to applicant's petition as Exhibit F.

Applicant's petition further shows that under the authority granted by Decision No. 35244, dated April 14, 1942, in Application No. 24877, applicant issued to August Felando and Susie Felando, husband and wife, its note for \$32,000, consisting of principal of \$29,100 and interest of \$2,100, payable at \$1,600 per month, and secured the payment of such note by the execution of a chattel mortgage which is a lien on 47 school buses owned by applicant. On January 7, 1943, there remained a balance due on this note in the amount of \$17,600. On that date applicant acquired from Crown Body & Coach Corporation, four 1942 Ford Transit Type City buses, Model 29B, at a cost of \$30,220.20. Of this purchase price, it paid \$6,220.20 in cash, leaving a balance due of \$24,000. It paid the \$24,000 through the issue of a note to August Felando and Susie Felando. The note issued was for the sum of \$45,400, which combines the balance due on the purchase price of the four Ford buses, the balance due on the note issued under the Commission's Decision No. 35244, and \$3,800 of interest. The note is payable in

monthly installments of \$2,000, beginning January 15, 1943.

To secure the payment of this note, applicant executed a mortgage of chattels, the lien of which attaches to 47 school buses and the 4 newly acquired Ford buses. A copy of the note and a copy of the mortgage of chattels are attached to applicant's petition as Exhibits G-1 and G-2, respectively.

Applicant's petition further shows that on August 27, 1942, it acquired from Don Lee, Inc., Pasadena office, one new 1942 5-passenger Cadillac Sedan at a cost of \$3,184.95. The Cadillac Sedan formerly owned by applicant was turned in on said purchase for the sum of \$1,425, leaving a balance due of \$1,759.95, payable at the rate of \$117.30 per month, beginning September 26, 1942. A conditional sales contract provides for said payments. The contract was assigned by Don Lee, Inc. to Farmers & Merchants Bank of Long Beach, California, to which bank applicant has been making payments. A copy of this contract is attached to applicant's petition as Exhibit H.

Applicant's petition further shows that it has need for an additional 62-passenger bus which it is estimated will cost applicant \$14,288.12. It proposes to acquire this bus from Crown Body & Coach Corporation and make a down payment of \$4,286.44, leaving a balance due of \$10,001.68. Adding thereto interest in the amount of \$1,000.17 brings the total balance due to \$11,001.85, for which sum applicant will execute a conditional sales contract. Under the terms of the contract, \$441.25 is payable in equal monthly installments for 23 months. A copy of this proposed conditional sales contract is attached to applicant's petition as Exhibit I.

The aggregate of the indebtedness due under said conditional sales contracts and note is \$92,533.96.

All of the conditional sales contracts, except the last one mentioned, and the chattel mortgage have been executed without authorization from the Commission. The note too has been issued without the Commission's authorization. Under Sections 51 and 52, the chattel mortgage, note and conditional sales contracts appear void. We cannot approve the execution of the conditional sales contracts and the chattel mortgage or the issue of the note. The Order herein will authorize applicant to execute conditional sales contracts, a note and a chattel mortgage to refund the indebtedness which may now be due on said motor buses.

O R D E R

The Commission having considered applicant's request 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 execution of conditional sales contracts and the issue of a note in the aggregate sum of \$92,533.96 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 as follows:

1. Landier Transit Co. Inc. may, after the effective date hereof and on or before August 1, 1943, execute conditional sales contracts and issue its note for the aggregate

sum of not exceeding \$92,533.96 for the purpose of paying in part for the equipment mentioned in the foregoing Opinion, said conditional sales contracts and note to be, except for the face amount thereof, in substantially the same form as Exhibits C, D, E, F, G-1, H, and I attached to applicant's petition.

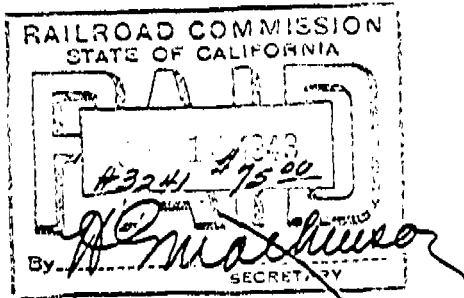
2. Landier Transit Co. Inc. may, after the effective date hereof and on or before August 1, 1943, execute a mortgage of chattels in substantially the same form as the mortgage of chattels filed in this application as Exhibit G-2, provided that the authority herein granted to execute said mortgage of chattels 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 mortgage of chattels as to such other legal requirements to which said mortgage of chattels may be subject.

3. 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 Seventy-five (\$75.00) Dollars.

4. Within sixty (60) days after the execution of the conditional sales contracts and the issue of the note herein authorized, Landier Transit Co. Inc. shall file with the Railroad Commission a true and correct copy of each conditional sales contract, and of the note, and of the mortgage of chattels issued and executed under the authority herein granted, together with a statement showing the purposes for which it used

the proceeds realized through the execution of said conditional sales contracts and the issue of said note.

Dated at San Francisco, California, this 8th day of June, 1943.



Francis H. Hapner
J. J. B. B.
Justin F. Carver
Richard Sachs
Wm W. Clark
 Commissioners.