

Decision No. 37325

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

**ORIGINAL**

In the Matter of the application of  
SIGNAL TRUCKING SERVICE, LTD. for  
authority to execute conditional  
sales contracts, promissory notes,  
and chattel mortgages.

Application  
No. 26299

BY THE COMMISSION:

O P I N I O N

In this application Signal Trucking Service, Ltd. asks the Commission to make its order authorizing the execution of the conditional sales contracts, promissory notes and chattel mortgages described therein so that they may be validated as of the dates of their execution. Reference will hereafter be made to said contracts, notes and mortgages.

Applicant's petition shows that it has, during 1944, incurred evidences of indebtedness payable at more than one year after date, in the amount of \$170,971.80 and that as of July 15, 1944, there was due on such indebtedness the sum of \$139,260.01. The indebtedness is now all payable to Union Bank & Trust Co. of Los Angeles. It consists of the following:

- (a) A 6% promissory note for \$102,646.49 was issued on April 5, 1944, to refund indebtedness and provide

applicant with working capital. The principal of the note is payable in monthly installments of \$4,277.00 or more beginning May 5, 1944. There was due on the note on July 15, 1944, the sum of \$89,815.47. The payment of the note is secured by a chattel mortgage which is a lien on motor truck equipment. A copy of the note is filed as Exhibit "A" and a copy of the chattel mortgage as Exhibit "B."

- (b) A 6% conditional sales contract was executed April 5, 1944, for \$8,446.00 for the purpose of purchasing two Mack trucks. On July 15, 1944, there was due on the contract the principal sum of \$5,542.65. It is payable in monthly installments of \$123.17. A copy of the contract is filed as Exhibit "C."
- (c) A 6% conditional sales contract was executed April 5, 1944, for \$4,581.75 for the purpose of acquiring a White motor truck. On July 15, 1944, there was due on this contract the principal sum of \$3,006.45. It is payable in monthly installments of \$66.81. A copy of the contract is filed as Exhibit "D."
- (d) A 6% promissory note for \$11,632.24, dated April 21, 1944, was issued to obtain funds to pay for four 1944 G.M.C. tractors. The principal of the note is payable in monthly installments of \$242.35 or more. The payment of the note is secured by a chattel mortgage which is a lien on the four tractors. A copy of the note and mortgage is on file as Exhibits "E" and "F," respectively. On July 15, 1944, there was due on the note \$11,147.54.

- (e) A 6% conditional sales contract was executed on May 9, 1944, for the sum of \$8,446.00 for the purpose of purchasing two Mack trucks. On July 15, 1944, there was due under this contract the sum of \$5,664.90. This is payable in monthly installments of \$123.15. A copy of the contract is on file as Exhibit "G."
- (f) A 6% conditional sales contract was executed May 15, 1944, for \$23,931.96, for the purpose of purchasing three 1944 Autocars. On July 15, 1944, there was due under this contract the sum of \$16,403.00. The principal is payable in monthly installments of \$349.00. A copy of the contract is on file as Exhibit "H."
- (g) A 6% conditional sales contract was executed June 27, 1944, for the sum of \$4,687.66 to purchase a 1944 White truck. On July 15, 1944, there was due under the contract the sum of \$3,280.00. This is payable in monthly installments of \$68.30. A copy of the contract is on file as Exhibit "I."
- (h) A 6% promissory note was issued on February 23, 1944, for the sum of \$6,600 to purchase one tractor and two trailers from Beacon Truck Wrecking Co. On July 15, 1944, there was due on this note a balance of \$4,400. This is payable in monthly installments of \$550.00. The payment of the note is secured by a chattel mortgage which is a lien on truck equipment. A copy of the note and a copy of the chattel mortgage are on file as Exhibits "J" and "K," respectively.

Applicant executed the foregoing evidences of indebtedness and chattel mortgages without Railroad Commission authorization. It appears that applicant's failure to file appropriate applications was due to inadvertence and not with any intention to evade the provisions of the Public Utilities Act. However, it occurs to us that under the provisions of Sections 51 and 52 of the Public Utilities Act the chattel mortgages, promissory notes and conditional sales contracts are void and that the Commission can not enter an order validating them as of their dates of execution. In our opinion, said notes, conditional sales contracts and chattel mortgages should be executed anew. As an alternative, applicant may consolidate said indebtedness into a single promissory note and secure the payment of said note by executing a chattel mortgage on the equipment referred to in said chattel mortgages and conditional sales contracts.

O R D E R

The Commission having considered the requests of Signal Trucking Service, Ltd. and it being of the opinion that this is not a matter on which a hearing is necessary; that Signal Trucking Service, Ltd. has need for the money which it will obtain through the issue of the notes and conditional sales contracts herein authorized for the purpose of refunding the indebtedness to which reference is made in the foregoing Opinion,

IT IS HEREBY ORDERED that Signal Trucking Service, Ltd. be, and it is hereby, authorized to execute, after the effective date hereof and on or before December 31, 1944, promissory notes and conditional sales contracts substantially in the same form as the promissory notes and conditional sales contracts filed in this application as Exhibits "A," "C," "D," "E," "G," "H," "I," and "J;" and chattel mortgages in substantially the same form as the chattel mortgages on file in this application as Exhibits "B," "F," and "K;" all for the purpose of refunding the indebtedness referred to in the foregoing Opinion.

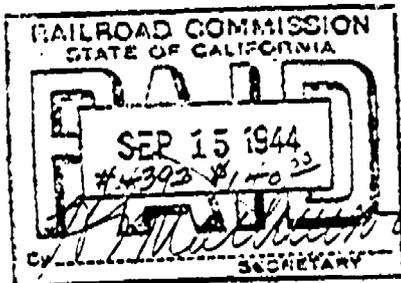
IT IS HEREBY FURTHER ORDERED that in lieu of executing said promissory notes and conditional sales contracts and chattel mortgages, Signal Trucking Service, Ltd. may issue, after the effective date hereof and on or before December 31, 1944, to Union Bank & Trust Co. of Los Angeles, a promissory note for the principal of not exceeding \$139,260.01, bearing interest at not to exceed 6% per annum, and payable in monthly installments of about \$5,799.78, or more, and to secure the payment of said note by executing a chattel mortgage which will be a lien on the equipment to which reference is made in this application. The proceeds of said note shall be used to refund the indebtedness mentioned in the foregoing Opinion.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective when Signal Trucking Service, Ltd. has paid the fee prescribed by Section 57 of the Public Utilities Act.



IT IS HEREBY FURTHER ORDERED that Signal Trucking Service, Ltd. shall, on or before December 31, 1944, file with the Railroad Commission a report showing the extent to which it has exercised the authority herein granted.

Dated at San Francisco, California, this 13<sup>th</sup> day of September, 1944.



Richard L. Sackne

Francis R. Havener  
Francis Blane

Scott P. Rance  
Commissioners