

Decision No. 38132

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of ASBURY TRANSPORTATION CO. a corporation for an order pursuant to Section 52-1/2 of the Public Utilities Act authorizing applicant to guarantee payment of conditional sale contracts in the aggregate amount of \$84,630.00 executed by applicant's wholly owned subsidiary Arrowhead Freight Lines, Ltd. a corporation.

ORIGINAL

Application
No. 26843

BY THE COMMISSION:

O P I N I O N

This is an application for an order of the Railroad Commission authorizing Asbury Transportation Co. to guarantee payment of conditional sale contracts in the amount of \$84,630 heretofore executed by Arrowhead Freight Lines, Ltd., its wholly owned subsidiary.

The application shows that Asbury Transportation Co. since 1941 has owned all the issued and outstanding stock, amounting to \$46,310, of Arrowhead Freight Lines, Ltd. The latter corporation, it appears, is a California corporation organized on October 26, 1932, and engaged, continuously since that date, in the business of transporting property, for compensation, by motor vehicles, in interstate commerce between Los Angeles Harbor and other points in Southern California on the one hand, and points

in Nevada, Utah and Idaho on the other hand. It reports that it does not conduct any intrastate business in California.

Financial statements filed with this application show that during the five months ending May 31, 1945, Arrowhead Freight Lines, Ltd. had freight revenues of \$315,989.91, operating expenses of \$281,592.73 and net operating income of \$34,397.18. Its assets and liabilities, in summary form, are reported as of May 31, 1945, as follows:

<u>Assets</u>	
Tangible property	\$215,415.78
Other investments	1,386.12
Current and prepaid assets	<u>147,637.01</u>
Total	<u>\$364,438.91</u>
<u>Liabilities</u>	
Capital stock	\$ 46,310.00
Current liabilities	72,736.59
Reserve for depreciation	115,632.03
Surplus	<u>129,760.29</u>
Total	<u>\$364,438.91</u>

It is reported that the company on June 20, 1945, entered into a conditional sale contract with J. T. Jenkins Company for the purchase of five Kenworth tractors for \$55,383.84 and on June 21, 1945, entered into a similar contract with Fruehauf Trailer Company for the purchase of seven Fruehauf semi-trailers for \$29,246.16, each amount to be payable in 48 monthly installments commencing August 1, 1945. The company has received and now is operating the equipment.

The respective sellers have assigned or are about to assign the contracts to Citizens National Trust & Savings Bank

of Los Angeles. The application shows that in order to meet the requirements of the bank it will be necessary for applicant, as the parent company, to guarantee the obligations of its subsidiary by executing a form of guarantee which appears in the conditional sale contracts heretofore executed, such guarantee reading as follows:

"FOR VALUE RECEIVED, the undersigned, jointly and severally, endorse, guarantee and promise to pay all deferred payments as specified in the within contract, all expense of collection thereof (including reasonable attorney fees), and all expense (including reasonable attorney fees) incurred in enforcing this guaranty, and all extensions and renewals thereof and hereby waive (a) presentment, demand, protest, notice of protest, notice of dishonor, and notice of non-payment; (b) the right, if any, to the benefit of, or to direct the application of, any security hypothecated to the holder until all indebtedness of the maker to the holder, howsoever arising, shall have been paid; (c) the right to require the holder to proceed against the Purchaser, or to pursue any other remedy in the holder's power; and agree that the holder may proceed against the undersigned directly and independently of the Purchaser, and that the cessation of the liability of the Purchaser for any reason other than full payment, or any extension, forbearance, change of rate of interest, or acceptance, release or substitution of security, or any impairment or suspension of the holder's remedies or rights against the Purchaser, shall not in anywise affect the liability of the undersigned hereunder."

It is stated to be applicant's desire that Citizens National Trust & Savings Bank of Los Angeles acquire these contracts.

O R D E R

Asbury Transportation Co. having applied to the Railroad Commission for an order authorizing it to guarantee the payment of obligations of its wholly owned subsidiary, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the request of applicant should be granted,

IT IS HEREBY ORDERED that Asbury Transportation Co. be, and it hereby is authorized to guarantee obligations of Arrowhead Freight Lines, Ltd. to the J. T. Jenkins Company and the Fruehauf Trailer Company in the aggregate amount of \$84,630, payable in forty-eight monthly installments, as set forth in the conditional sale contracts dated June 20, 1945, and June 21, 1945, which are attached to the application herein, and to execute the forms of guarantee included in said conditional sale contracts in the form set forth in the opinion preceding this order.

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

Dated at San Francisco, California, this 14th day of August, 1945.

Harold Anderson
Justice J. Ogden
Richard Lachar
Thomas W. Carr
Irving Kameel
Commissioners