

Decision No. 40086**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of CHARLES B. HOLBROOK, doing
business as HOLBROOK TRANSIT CO.,
for authority to execute Trust
Deed, Chattel Mortgage, and notes.

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) Application
= No. 28289
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OPINION AND ORDER

Charles B. Holbrook, an individual doing business under the firm name and style of Holbrook Transit Co., has applied to the Public Utilities Commission for authority to execute a deed of trust and a mortgage of chattels and to issue promissory notes in the principal amount of \$25,000.

Applicant is engaged in the business of transporting passengers, by motor coach, between Bell and Huntington Park, Bell Gardens, Downey, South Downey Gardens, Vultee Airfield and Bellflower. He reports his assets and liabilities, as of December 31, 1946, as follows:

Assets

Cash on hand and in bank	\$ 2,242.52
Tangible property (Cost \$110,269.75 less depreciation reserve of \$61,948.54)	48,321.21
Intangible property	1,000.00
Deferred debits	<u>4,113.73</u>
Total	<u>\$55,677.46</u>

Liabilities

Accounts payable	\$ 9,768.94
Accruals	4,482.05
Contracts due within one year	13,638.00
Equipment obligations	5,772.00
Other liabilities	5,178.66
Net worth	<u>16,837.81</u>
Total	<u>\$55,677.46</u>

Applicant reports that on April 11, 1946, an explosion occurred in one of his buses injuring many of the occupants. The application shows that at that time he carried public liability and property damage insurance in the amount of \$5,000 and \$10,000 and that the insurance company made available to him the sum of \$10,000, of which \$4,944.09 was used to settle nine claims against applicant for damages before suits were instituted.

However, it appears that there were filed in the Superior Court of the State of California, in and for the County of Los Angeles, six claims, aggregating \$302,412.75, for personal injuries but that applicant's counsel, through negotiations, was able to effect settlement in all these cases for a total sum of \$30,500.00. Applicant is of the opinion that it is desirable to settle these cases without going to trial, and accordingly proposes to pay the agreed settlements.

It is reported that the insurance company has turned over to applicant's counsel the remaining sum of approximately \$5,000 to be used in these settlements, and that it is necessary for applicant to borrow the sum of \$25,000 to meet the balance of settlements. To this end, he has made arrangements with Bank of America National Trust & Savings Association to issue to it two notes, one for \$6,500 payable in monthly installments of \$200 beginning May 1, 1947, with interest at the rate of 5% per annum on deferred balances, and the other for \$18,500 payable in monthly installments of \$700 beginning May 1, 1947, with interest at the rate of 8% per annum on deferred balances. The \$6,500 note will be secured by a deed of trust covering real property located in Bell, used by applicant for residential purposes and also in

the operation of his business, and the \$18,500 note will be secured by a mortgage of chattels covering ten buses. The notes, in our opinion, should be amended so as to permit applicant to pay the principal of the notes at any time without the payment of a premium.

The borrowing of these sums will, of course, materially affect applicant's financial position. However, applicant reports that he is informed by his counsel, and believes, that if the cases go to trial a verdict against him might result in substantial judgments which he would be unable to pay and which would necessitate bankruptcy. He proposes to sell the property to be covered by the deed of trust and to provide other quarters for the conduct of his business, and to use the proceeds to reduce the indebtedness he now proposes to incur.

Under the circumstances set forth in this application, it appears to the Commission that applicant should be authorized to execute the deed of trust and the mortgage of chattels and to issue the notes, it being the opinion of the Commission that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein, therefore,

IT IS HEREBY ORDERED as follows:

1. Charles E. Holbrook, after the effective date hereof and on or before May 31, 1947, may issue to Bank of America National Trust & Savings Association a 5% installment note for \$6,500, principal and interest payable in monthly installments of \$200 or more, and an 8% installment note for \$18,500, principal

and interest payable in monthly installments of \$700 or more, and may execute a deed of trust and a mortgage of chattels in, or substantially in, the same form as the deed of trust and the mortgage of chattels filed in this proceeding. Charles B. Holbrook shall use the note proceeds to pay in part the indebtedness of \$30,500 to which reference is made herein.

2. Charles B. Holbrook shall file with the Commission a report, or reports, of the issue of the notes and the disposition of the proceeds as required by the Commission's General Order No. 24-A, which order, insofar as applicable, is made a part of this order. He shall also file with the Commission a copy of each note.

3. The authority herein granted will become effective when Charles B. Holbrook has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.00) Dollars.

Dated at Los Angeles, California, this 25th day of March, 1947.

Harold P. Hills
Justin F. Calver
R. J. ...
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Commissioners

