

Decision No. 40376

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
MERCHANTS EXPRESS CORPORATION, a  
corporation, for authority to purchase  
all of the issued and outstanding capi-  
tal stock of VALLEJO EXPRESS COMPANY,  
a corporation, MARIN SONOMA FAST FREIGHT,  
a corporation, and SONOMA EXPRESS COMPANY,  
a corporation.

ORIGINAL

Application  
No. 28467

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OPINION

This is an application for an order of the Public Utilities Commission authorizing Merchants Express Corporation to purchase all the issued and outstanding shares of capital stock of Vallejo Express Company, Marin Sonoma Fast Freight and Sonoma Express Company.

Merchants Express Corporation, hereinafter referred to as "Merchants"; Vallejo Express Company, hereinafter referred to as "Vallejo"; and Marin Sonoma Fast Freight, hereinafter referred to as "Marin", are corporations engaged in business as highway common carriers in the transportation of property. Sonoma Express Company, hereinafter referred to as "Sonoma", is an express corporation. According to the application herein, Merchants operates generally between San Francisco, South San Francisco, Oakland and other points in Alameda County and in Contra Costa County, and certain points in Marin County, and between San Francisco and Oakland and San Jose. Vallejo operates generally between San Francisco and Oakland, on the one hand, and

Vallejo and Calistoga on the other hand, while Marin operates between San Francisco and Healdsburg. Sonoma operates between San Francisco and points in Marin, Sonoma and Napa Counties.

The following tabulation shows the operating revenues and net income of the four corporations for the year ending December 31, 1946:

	<u>Operating Revenues</u>	<u>Net Income</u>
Merchants Express Corporation	\$1,339,926	\$(3,810)
Vallejo Express Company	204,848	19,397
Marin Sonoma Fast Freight	235,530	(2,982)
Sonoma Express Company	43,143	(1,233)

The application shows that all the outstanding shares of stock of Vallejo (1,289½ shares), Marin (150 shares) and Sonoma (10 shares) are held by Ward G. Walkup. The outstanding shares of stock of Merchants are held by Walkup Drayage & Warehouse Co., a corporation, whose outstanding stock, in turn according to its report, is held by Ward G. Walkup. The stock equity, or net worth, of Vallejo, Marin and Sonoma, as of April 30, 1947, is reported as follows:

<u>Company</u>	<u>Stock</u>	<u>Surplus</u>	<u>Total</u>
Vallejo	\$64,475.00	\$ 70,403.80	\$134,878.80
Marin	15,000.00	29,149.56	44,149.56
Sonoma	<u>1,000.00</u>	<u>5,117.32</u>	<u>6,117.32</u>
Totals	<u>\$80,475.00</u>	<u>\$104,670.68</u>	<u>\$185,145.68</u>

As of April 30, 1947, Merchants reports assets and liabilities as follows:

Assets

Cash	\$260,182.91
Receivables from associated companies	16,405.24
Accounts receivable	153,913.62
Materials and supplies	2,408.21
Carrier operating property - less reserve for dep'n.	296,432.44
Non-carrier operating property - less reserve for depreciation	6,726.87
Intangible property	50,743.30
Investments and advances	7,660.19
Prepayments	32,049.52
Other deferred debits	5.99
Total Assets	<u>\$826,528.29</u>

Liabilities

Payables to associated companies	\$ 67,723.07
Accounts payable	37,736.72
Wages payable	17,915.36
Accrued taxes	18,919.20
Other current liabilities	3,642.62
Equipment obligations	239,983.41
Other reserves	13,493.60
Capital	
Common stock	\$100,000.00
Unearned surplus	25,000.00
Earned surplus	<u>302,114.31</u>
Net worth	<u>427,114.31</u>
Total Liabilities and Net Worth	<u>\$826,528.29</u>

As a first step in a program to centralize the operations into a single entity, Merchants has agreed to purchase, and Ward G. Walkup has agreed to sell, the outstanding shares of stock of Vallejo, Marin and Sonoma for the total purchase price of \$185,145.68, payment to be made in cash. In Application No. 28470 these three companies request permission to transfer their operative rights, equipment and other assets to Merchants.

At this time the shares of stock of the four companies are held under common ownership and it does not appear that the service of the companies will be impaired by the transfer of ownership to Merchants as proposed. The authority herein granted,

however, is limited to the acquisition of stock by Merchants and is not to be construed to be a finding of value of the rights and properties of Vallejo, Marin and Sonoma or permission to transfer their rights and properties or an indication or commitment that the Commission will authorize such transfer when it completes its review and consideration of Application No. 28470. .

O R D E R

Merchants Express Corporation having applied to the Public Utilities Commission for authority to purchase shares of stock, and the Commission having considered the matter and being of the opinion that a public hearing is not necessary and that the application should be granted, as herein provided,

IT IS HEREBY ORDERED that Merchants Express Corporation be, and it hereby is, authorized to purchase and acquire for the consideration mentioned in the foregoing opinion and hold the outstanding shares of common stock of Vallejo Express Company, Marin Sonoma Fast Freight and Sonoma Express Company.

The authority herein granted will become effective ten (10) days from the date hereof.

Dated at San Francisco, California, this 10<sup>th</sup> day  
of June, 1947.

Harold Hule  
Justice J. Calver  
Just Powell  
A. J. ...  
Kenneth Potter  
Commissioners