

ORIGINAL

Decision No. 52577

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of A.T.L., Inc., for authority to execute grant deeds and assignments of certain personal property to Melvin A. Pixley, an individual.

Application
No. 37511

Herbert Cameron, for applicants.
Melvin A. Pixley, for himself.
Turcotte & Goldsmith, by F. W. Turcotte, for
Lloyd Turner, dba Blue Truck Lines, and Joseph
Burke, interested parties.
Eddy S. Feldman, for Furniture Manufacturers
Association of Southern California, interested
party.
John F. Donovan, for the staff of the Commission.

O P I N I O N

In this proceeding the Commission is asked to enter an order authorizing A.T.L., Inc., to transfer tangible assets to Melvin A. Pixley.

A public hearing was held before Examiner Coleman in San Francisco on December 22, 1955, at which time the matter was taken under submission.

This application involves a reorganization of the financial affairs of A.T.L., Inc., a highway common carrier and express corporation engaged in the transportation of property generally between Los Angeles, San Francisco, and Sacramento. It was organized in 1951 and entered into its common carrier operations in the early part of 1953 when it acquired certain operative rights and properties from Furniture Fast Freight, a corporation the stock of which was

held by M. A. Pixley. At the outset, the shares of stock of A.T.L., Inc., were owned by Abe Blatt and Nathan Kimmel and were held in escrow pending the payment by A.T.L., Inc., of the purchase price of Furniture Fast Freight's rights and properties.

In presenting this matter to the Commission, applicants have filed a balance sheet showing the assets and liabilities of A.T.L., Inc., as of December 14, as follows:

<u>Assets</u>		
Current assets -		
Cash	\$ 806	
Accounts receivable	<u>4,788</u>	
Total current assets		\$ 5,594
Tangible assets		130,601
Intangible assets		<u>75,293</u>
Total		<u>\$211,488</u>
<u>Liabilities & Capital</u>		
Current liabilities		
Notes payable		\$ 72,096
Capital		281,000
Common stock	\$ 14,000	
Deficit	<u>155,608</u>	
Total capital		<u>(141,608)</u>
Total		<u>\$211,488</u>

It appears, and the preceding balance sheet clearly indicates, that the operations of A.T.L., Inc., have not been successful. In Case No. 5639, recently considered by the Commission, it was asserted by the corporation that the former shareholders diverted business from its line for the benefit of their independent contract carrier firms. Be that as it may, the record now before us clearly shows that business has been lost from the lines of the carrier, heavy indebtedness has been incurred, default has followed with respect to some of the loans, and operating losses have been sustained; the situation finally culminating in a service complaint

filed by Furniture Manufacturers Association of Southern California which was designated Case No. 5639 in our files, in suspension of operations on March 21, 1955, and in a foreclosure action filed by Melvin A. Pixley and Pixley Transportation, a corporation, in the Superior Court of the State of California in and for the County of Los Angeles.

Information of record shows that Melvin A. Pixley has succeeded to the ownership of the outstanding stock of A.T.L., Inc., that service was resumed on or about November 15, 1955, and that accordingly the complaint of Furniture Manufacturers Association of Southern California was dismissed. In addition, A.T.L., Inc., and Melvin A. Pixley have entered into an agreement to resolve some of the financial difficulties facing the corporation under the terms of which A.T.L., Inc., will transfer to said Pixley its terminal properties and improvements and all of its personal property, including trucks, tractors, trailers and rolling stock, office equipment, and accounts receivable, and Melvin A. Pixley will assume all the liabilities of the corporation, as shown by its books and records on the date of the agreement, and will cancel the outstanding notes payable except obligations in the amount of \$51,205. Thereafter, lease arrangements will be made whereby there will be made available to A.T.L., Inc., terminal facilities in Los Angeles and such equipment as it may need. In addition, the officers and directors of A.T.L., Inc., have agreed to place not less than \$25,000 into the business for use as working capital.

Testimony shows that since resumption of operations in November of last year the revenues have been sufficient to meet operating costs and that in addition new business has been and is

being developed, improved service has been offered the shippers, and arrangements have been made with Southern Pacific Company for piggy-back service which it is thought will eliminate the need for certain terminal services and will effect economies in operation. It will also, according to applicant Pixley, minimize the need for new equipment.

At the conclusion of the transaction A.T.L., Inc., will own only the operative rights. Its liabilities will have been reduced from \$353,096 to \$51,205, which will be represented by a note in favor of Melvin A. Pixley, who, according to the record, has agreed to subordinate its payment to other liabilities which the corporation might incur. So far as the shipper is concerned, it appears that he will have available an improved service. The former operations have been interrupted and uncertain, whereas now they will be handled by Melvin A. Pixley who has been a successful operator with many years of experience.

The corporation will be relieved of heavy liabilities and will enter into its operations with what appears to be an ample amount of available working capital. While it is true it will have liabilities of \$51,205 which are not supported by any tangible assets, nevertheless such liabilities will be held by applicant's sole shareholder, and, because of the subordination, should not interfere with the corporation's ability to acquire additional equipment, should its business require and its earnings permit.

As to the creditors of A.T.L., Inc., the record shows that notes held by Pixley Transportation, a corporation controlled by Melvin A. Pixley, will be cancelled, and that as to the current liabilities, according to counsel, Mr. Pixley will pay any obligations

that A.T.L., Inc., is required to pay.

Upon a thorough review of the evidence it is clear, and we so find, that the transfer of properties will not be adverse to the public interest and should be approved. In granting such approval we are making no finding of the value of the operative rights of A.T.L., Inc., nor are we making any finding with respect to the outstanding liabilities of the applicant corporation.

O R D E R

A public hearing having been held in this application and the Commission having considered the evidence and being of the opinion that the application should be granted, as herein provided, that the money, property, or labor to be procured or paid for by the issue of the note herein authorized is reasonably required for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. A.T.L., Inc., and Melvin A. Pixley may enter into an agreement substantially in the same form as the agreement filed in this proceeding as Exhibit A, and A.T.L., Inc., pursuant to the terms thereof, may transfer to Melvin A. Pixley the properties referred to therein.
2. A.T.L., Inc., may issue to Melvin A. Pixley an unsecured non-negotiable note in the principal amount of not exceeding \$51,205 for the purpose of carrying out the terms of said agreement.

3. A.T.L., Inc., shall file with the Commission a copy of said note within 30 days after its date.

4. The authority herein granted will become effective when Melvin A. Pixley has filed with the Commission a copy of the instrument by which he subordinates his indebtedness of \$51,205 and when A.T.L., Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$52.

Dated at San Francisco, California, this 7th day of February, 1956.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners

Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.

