

# ORIGINAL

Decision No. 55529

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF: )

(a) G & G TRUCKING COMPANY, a )  
 corporation, to purchase, and of )  
 SAM GUSINOW, an individual doing )  
 business as G & C TRUCKING CO., )  
 to sell, a Certificate of Public )  
 Convenience and Necessity for the )  
 transportation of specific commodi- )  
 ties between various points in )  
 California, pursuant to Sections )  
 851-853 of the California Public )  
 Utilities Code; and )  
 (b) G & G TRUCKING COMPANY, a )  
 corporation, to issue shares of )  
 its common capital stock pursuant )  
 to Sections 816-830 of the )  
 California Public Utilities Code. )  
 ----- )

) Application No. 39345

## O P I N I O N

This is an application for an order of the Commission (1) authorizing Sam Gusinow, doing business as G & G Trucking Company, to transfer operative rights, business and assets to G & G Trucking Company, a corporation and (2) authorizing said corporation to issue 24,600 shares of its common stock of the par value of \$1 each, to assume liabilities and to issue a note in the principal amount of \$2,564.18.

The application shows that Sam Gusinow, since 1946, has been conducting operations as a permitted carrier, but that he was certificated, by Decision No. 53630, dated August 28, 1956, in Application No. 36538, as a highway common carrier of specifically named commodities between the Los Angeles Drayage Area, on the one hand, and Oakland and San Francisco, and other points, on the other hand. A condensed statement of applicant Gusinow's assets,

liabilities and capital as of April 30, 1957, prepared from Exhibit B attached to the application, is as follows:

<u>Assets</u>	
Current assets	\$ 30,077.52
Tangible assets, less reserve	<u>92,123.35</u>
Total	<u>\$122,200.87</u>
<u>Liabilities and Capital</u>	
Current liabilities	\$ 33,090.74
Long-term debt	54,945.95
Proprietor's capital	<u>34,164.18</u>
Total	<u>\$122,200.87</u>

It now appears that applicant Gusinow has concluded his operations can be conducted more advantageously by means of a corporate form of organization and that he proposes to transfer his operative rights, business and assets to G & G Trucking Company, a new corporation which he has formed for the express purpose of taking over such rights, business and assets and of continuing the operations. The corporation, in acquiring the operative rights, business and assets will assume the outstanding liabilities and will issue its stock and note in a total amount of \$27,164.18 against the reported net worth of \$34,164.18, the difference of \$7,000 to be carried as paid-in surplus. A detailed statement of the balance sheet figures indicates that nothing is included in the asset values for the certificate granted by the Commission.

The consideration of \$27,164.18 will be represented by \$24,600 par value of stock and a \$2,564.18 unsecured 6 per cent note payable on demand, provided, however, that not more than 25 per cent of the principal amount shall be due or payable or paid in any one calendar year and no part shall be due or payable or shall be paid, until and unless the maker of the note has an excess of working capital over current liabilities in a sum greater

than the amount of the installment being paid on the note. Applicant Gusinow personally has guaranteed the payment of long-term debt to be assumed by the corporation and will continue to manage the business.

It is reported that there will be no change in the rates or service as the result of the transfer and that the same operative properties will be available to the corporation as now are utilized by applicant Gusinow. Upon reviewing the verified application, we are of the opinion and so find that the transfer under the terms as proposed will not be adverse to the public interest and should be authorized.

Applicants are hereby placed on notice that operative rights, as such, do not constitute a class of property which may be capitalized or used as an element of value in rate fixing for any amount of money in excess of that originally paid to the state as the consideration for the grant of such rights. Aside from their purely permissive aspect, they extend to the holder a full or partial monopoly of a class of business over a particular route. This monopoly feature may be changed or destroyed at any time by the state, which is not in any respect limited as to the number of rights which may be given.

The action taken herein shall not be construed to be a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

The Commission having considered the above-entitled matter and being of the opinion that a public hearing is not

necessary, 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 stock and note herein authorized is reasonably required by applicant corporation 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. Sam Gusinow may transfer to G & G Trucking Company, a corporation, the operative rights granted by the Commission by Decision No. 53630, dated August 28, 1956, and his business and assets as set forth in this application.

2. G & G Trucking Company, a corporation, in payment for such rights, business and assets, may issue not exceeding 24,600 shares of its capital stock of the aggregate par value of \$24,600, may assume the payment of outstanding indebtedness and may issue its note in the principal amount of not exceeding \$2,564.18.

3. On not less than five days' notice to the Commission and to the public, effective concurrently with the consummation of such transfer, applicants shall supplement or reissue the tariffs on file with the Commission naming rates, rules and regulations governing the operations here involved to show that Sam Gusinow has withdrawn or canceled and G & G Trucking Company, a corporation, has adopted or established, as its own, said rates, rules and regulations. The tariff filings made pursuant to this order shall comply in all respects with the regulations governing the construction and filing of tariffs set forth in the Commission's General Order No. 80.

4. G & G Trucking Company, a corporation, shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

5. This order will become effective when G & G Trucking Company has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$25.

Dated at San Francisco, California, this 10th day of September, 1957.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
Commissioners

