

ALJ/md

Decision 84 06 144

JUN 20 1984

ERIC 51

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

NATIONAL FREIGHT COMPANY INTERNATIONAL)  
 HOLDINGS (U.S.A.) INC., a Delaware  
 Corporation to control MERCHANTS HOME  
 DELIVERY SERVICE, INC., a California  
 Corporation and a highway common  
 carrier and a highway permit carrier  
 pursuant to Sections 854 and 3551 of  
 the Public Utilities Code.

Application 84-04-128  
 (Filed April 26, 1984)

O P I N I O N

This is an application in which National Freight Company International Holdings (U.S.A.), Inc. (National) seeks authority to acquire control of Merchants Home Delivery Service, Inc. (Merchants).

Notice of the filing of the application appeared in the Commission's Daily Calendar on May 1, 1984. There are no protests.

The Commission makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Merchants holds the following operating authority issued by the Commission: (1) highway common carrier certificate (2) highway contract carrier permit.
3. Merchants is authorized by the California Department of Corporations to issue only one class of stock. There are presently 50 shares outstanding of Merchants' common stock, which are held as follows: William E. Paterson - 26 shares, as Executor of the will of Robert L. Hays, deceased, and Beverly A. Pillot - 24 shares.

4. William E. Paterson, is an attorney at law licensed to practice in the State of California and is the Executor of the will of Robert L. Hays, deceased, who was the founder and principal officer and director of Merchants. William E. Paterson was appointed as the executor of the estate by the Superior Court for the County of Ventura, in the proceeding entitled Estate of Robert L. Hays, Case No. 60847. There is now pending before said Court an application for an order authorizing Paterson to transfer and convey said stock.

5. Beverly A. Pillot, is the former wife of Robert L. Hays.

6. National, a newly formed corporation, was incorporated for the purpose of facilitating the acquisition of Merchants. National is a Delaware corporation. It has filed a certificate by the Secretary of State indicating it is qualified to do business in California. National is a wholly owned subsidiary of National Freight Consortium p.l.c. (NFC) of Bedford, England. NFC is a transportation conglomerate operating throughout the United Kingdom in the surface transportation industry conducting business as a motor carrier, freight forwarder, and warehouse.

7. National is managed by its president, E. A. Wall, who has been associated with motor carrier transportation in England, Europe, Iran, and Australia for approximately 30 years. Wall's experience with NFC includes responsibilities at a senior level for supervision of administrative and financial controls, day-to-day operations, management, and strategic planning.

8. On April 20, 1984, the parties entered into a share purchase agreement. The agreement provides for the redemption of a portion of its stock by Merchants and the purchase and sale of the remaining outstanding stock of Merchants by National. As consideration for the redemption of the stock, Merchants will assign, transfer, and/or deliver certain items of real and personal property which are not necessary or useful in the performance of Merchants'

duty to the public to the Hay's Estate. The property to be transferred is set forth in Annex 1 attached to the Share Purchase Agreement attached to the application as Exhibit B. The purchase price for all the remaining, issued, and outstanding stock after redemption is \$18,670,000 to be paid in cash on consummation to the Estate of Robert L. Hays and to Beverly A. Pillot according to their pro rata share of stock ownership.

9. As a result of the proposed transaction, Merchants will be the wholly owned subsidiary of National. National does not intend to conduct any motor carrier operations but will act as a parent holding company for Merchants. National does not propose to significantly alter the existing management and structure of Merchants but intends to continue operations in substantially the same manner as have been conducted in the past.

10. As of March 31, 1984, Merchants' assets, as depreciated, were \$14,169,906. Its net worth was \$10,710,176. For the three months ending March 31, 1984, Merchants had a retail volume of \$79,024,353, and delivery income of \$3,639,248.

11. National desires to become involved in transportation in the United States. The Estate of Robert L. Hays and Beverly A. Pillot desire to sell their interests in Merchants.

12. National does not propose to alter the existing management of Merchants and intends to conduct operations in a manner similar to the way they are presently conducted.

13. The proposed acquisition of control of Merchants by National is not adverse to the public interest.

14. It can be seen with certainty that there is no possibility that a granting of this application may have a significant effect on the environment.

15. Since the order involves coordination with matters in the Probate Court and only affects the parties to it, it should be made effective on the date of issuance.

Conclusion of Law

The application should be granted.

O R D E R

IT IS ORDERED that:

1. National Freight Company International Holdings (U.S.A.), Inc., a Delaware corporation authorized to conduct business in the State of California, is authorized to acquire, by purchase of common stock, 100% control of the shares of Merchants Home Delivery Service, Inc., a California corporation, in accordance with the terms set forth in Exhibit B attached to the application. National shall file written notice of the acquisition of control with the Transportation Division within 15 days after the purchase of the shares has been made.

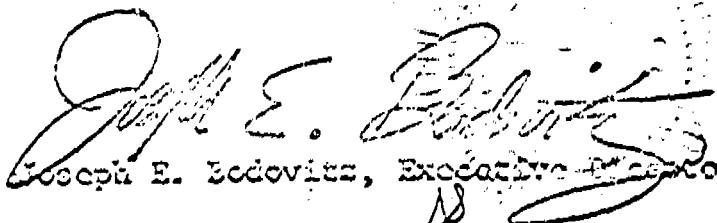
2. The authority granted in Ordering Paragraph 1 shall expire unless it is exercised before December 31, 1984.

This order is effective today.

Dated JUN 20 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President  
VICTOR CALVO  
PRISCILLA C. GREW  
DONALD VIAL  
WILLIAM T. BAGLEY  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Sedovitz, Executive Director