

hn

Decision No. 89682 NOV 28 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA .

Application of B. C. LAWSON, an)
 individual and shareholder of stock)
 of B. C. LAWSON DRAYAGE, INC., a)
 California corporation, to sell stock)
 of B. C. LAWSON DRAYAGE, INC. and)
 ALFRED D. LAWSON, an individual and)
 purchaser of stock of B. C. LAWSON)
 DRAYAGE, INC. to purchase said stock;)
 for authority for ALFRED D. LAWSON,)
 an individual, to control said)
 California corporation; and for said)
 corporation to encumber its public)
 utility property pursuant to)
 Sections 851-854 of the California)
 Public Utilities Code.)

Application No. 58399
(Filed October 5, 1978)

O P I N I O N

By this application, B. C. Lawson proposes to sell, and Alfred D. Lawson proposes to buy, the controlling interest in B. C. Lawson Drayage, Inc. (Lawson Drayage), and Lawson Drayage proposes to issue three promissory notes.

Lawson Drayage possesses a highway common carrier certificate issued pursuant to Decision No. 62596, dated September 25, 1961 in Application No. 43019, as amended. The company also holds a radial highway common carrier permit, issued by this Commission on April 26, 1970 in File No. T.67,616.

For the first eight months of 1978 the carrier reported gross operating revenues of \$471,095 and net income of \$19,784. The carrier's balance sheet as of August 31, 1978 is set forth in summary form as follows:

<u>Assets</u>	
Current assets	\$193,099
Fixed assets, net of depreciation	<u>28,594</u>
Total Assets	<u>\$221,693</u>
<u>Liabilities and Equity</u>	
Note payable to shareholder	\$ 18,000
Current liabilities	93,798
Capital stock	20,000
Retained earnings	<u>89,895</u>
Total Liabilities and Equity	<u>\$221,693</u>

B. C. Lawson presently owns all 20,000 issued and outstanding shares of stock of Lawson Drayage. He proposes to sell all 20,000 shares to the corporation for a total purchase price of \$115,000. The corporation in turn will sell 7,000 shares to Alfred D. Lawson, who will then become the sole shareholder of Lawson Drayage.

According to the terms of the purchase agreement, attached to the application as Exhibit B, \$34,000 in cash is payable at closing, \$66,000 cash is payable on January 2, 1979 and \$15,000 is payable by the issuance of a promissory note dated January 2, 1979. Alfred Lawson, the son of B. C. Lawson, will pay \$40,000 for his 7,000 shares, and the remaining 13,000 shares will be retained by the corporation as treasury stock at a cost to the company of \$75,000.

Alfred Lawson will lend the corporation \$60,000 to be used for purchase of treasury shares, and the corporation will in turn issue to him a note in the amount of \$60,000, payable in two years with interest at 12% per annum. The remaining \$15,000 to be paid for the treasury stock will be represented by a two-year note bearing interest at the rate of 7% per annum, payable to B. C. Lawson by Lawson Drayage. The proportion of stock to be purchased for the treasury was determined primarily by the amount of retained earnings available for such purpose.

A.2525
#TD-9

A.58399 hn *

In addition to the above, Lawson Drayage proposes to issue a promissory note to B. C. Lawson in the principal amount of \$8,000 and bearing interest at the rate of 5-3/4% per annum. This note would be in payment of a loan made by B. C. Lawson to the corporation.

B. C. Lawson, in conjunction with his family, has operated the corporation since its inception and now wishes to retire from the trucking business. Alfred Lawson is presently the secretary of Lawson Drayage and has been involved in the corporation's operations for many years. He will become the corporation's sole owner, president, and chief operating officer pursuant to the proposed transaction. No changes in operations or rates are contemplated as a result of the change in ownership.

Although the application requests authority to encumber utility property pursuant to Sections 851-854 of the Public Utilities Code, the applicant has advised the staff that none of the proposed promissory notes will be secured and therefore no utility property will be encumbered. ✓

The Transportation Division has reviewed the application and agrees with the Finance Division that the authorizations requested therein should be granted.

After consideration the Commission finds that:

1. The proposed transfer of control would not be adverse to the public interest.
2. The proposed notes would be for proper purposes.
3. The money, property or labor to be procured or paid for by the notes herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

There is no known opposition and no reason to delay granting the authority requested. For tax reasons, the applicants wish to make the initial payment of \$34,000 in this calendar year, so we will make the effective date of this order the date hereof. The action taken herein shall not be construed as a finding of value of the capital stock of Lawson Drayage.

ORDER

IT IS ORDERED that:

1. Alfred Lawson may control B. C. Lawson Drayage, Inc.
2. B. C. Lawson Drayage, Inc. may, for the purposes specified in the application, issue three notes in the aggregate principal amount not exceeding \$83,000 in substantially the same form set forth in Exhibits C, D, and E attached to the application.
3. B. C. Lawson Drayage, Inc. shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.
4. This order shall become effective when B. C. Lawson Drayage, Inc. has paid the fee prescribed by Section 1904.1 of the Public Utilities Code, which fee is \$166.

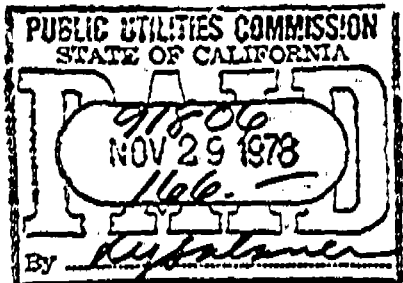
Dated at San Francisco, California, this 28th day of NOVEMBER, 1978.

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Robert Bateman
President

William Lyons, Jr.

Charles P. [Signature]
Clair L. [Signature]
Commissioners



Public Utilities Code 1.100