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Decision 97-12-017 December 3, 1997

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of Farman Textile, Inc., a California corporation, to acquire, and Apollo Soyuz Airport Passenger Service, Inc. to transfer a passenger stage certificate of public convenience and necessity and certain other assets, pursuant to Section 851, et seq., of the California Public Utilities Code.

Application 97-06-006
(Filed June 4, 1997)

In the Matter of Application of Farman Textile, Inc., to acquire and Woo Jin Kim to transfer certain assets and operating rights under the passenger stage certificate PSC-4414 pursuant to Section 851 et seq. Of the California Public Utilities Code.

Application 97-07-026
(Filed July 17, 1997)

OPINION

Apollo Soyuz Airport Passenger Service, Inc. (Apollo) by Decision (D.) 94-11-049 issued November 22, 1994 (Application (A.) 93-03-017), was granted a passenger stage certificate of public convenience and necessity to transport passengers and their baggage on an "on-call, door-to-door," airport shuttle service between points in Los Angeles and Orange Counties, on one hand, and Los Angeles International Airport (LAX), Long Beach Airport, Burbank Airport (BUR), John Wayne Airport, Ontario Airport, Los Angeles and Long Beach Harbors, or the Los Angeles Amtrak Station (AMTRAK), on the other hand. Apollo operates 12 seven-passenger vans.

Woo Jin Kim, by D.88-12-065 issued December 19, 1988 (A.88-06-005) was granted a passenger stage certificate of public convenience and necessity to transport passengers and their baggage on an "on-call, door-to-door" airport shuttle service between certain points in Los Angeles City, and LAX, BUR, and AMTRAK. Since November 25, 1991, Kim has operated doing business as "A.A.A. Airport Shuttle Service," using three seven-passenger vans.

The owners of Apollo desire to discontinue their passenger stage operation under PSC-8402 in order to concentrate on their Passenger Charter-Party permit TCP-8402-P recently granted and other business ventures.

Kim, asserting that new airport rules and regulations at Los Angeles International Airport will cause small carriers to go out of business or force them to merge assets with other carriers in the short run, desires to sell his operation.

Farman Textile, Inc. (Farman), a California corporation (March 20, 1995) whose principal owner and president, Daryous Safarzadeh, is a permanent legal resident of the United States and a resident of Los Angeles County with substantial textile business interests in Iran, desires to commence operations as a passenger stage corporation engaged in the shuttle business in the Los Angeles area.

Accordingly, Farman proposes to acquire Apollo's Certificate PSC-8402, its leasehold interest in the 12 Apollo vans and Apollo's business, and to further consolidate a customer base through the acquisition of Kim's Certificate PSC-4414 as well as Kim's leasehold interest in his three vans, office furniture, and equipment.

On April 10, 1997, Farman signed Agreements for the purchase and sale of assets with both Apollo and Kim. Respectively, these agreements provided for purchase prices of \$250,000 and \$15,000.¹

All parties furnished their most recent financial statements as Exhibits to their applications (Farman 4/30/97; Apollo and Kim 12/31/96.)²

Notice of the filing of these applications appeared in the Commission's Daily Calendars of June 6, 1997 (Farman-Apollo) and July 25, 1997 (Farman-Kim). No

¹ Farman's Apollo Agreement provides for payment of \$50,000 when the transfer is approved by the Commission, and \$200,000 on or before two days prior to close of escrow. Payments would be handled through a Bulk Sales Escrow (Commercial Code 6101 and ff).

Farman's Kim Agreement provides for payment of \$15,000 upon close of a Bulk Sales Escrow (Commercial Code 6101 and ff).

² Farman's Balance Sheet shows total assets of \$3,450,008.66; liabilities of \$3,014.20; and equity of \$3,446,994.46 (as of 4/30/97).

protests have been received. Farman notified the affected cities, governmental entities, and involved airport administrations of the filing of each application.

Discussion

While Farman's principals appear to have experience in ownership and management of textile manufacturing (Persian rugs) and the marketing of such products, they have demonstrated no experience in shuttle operations. However, they would be taking over going operations with experienced drivers and operating personnel from the present certificate holders. By consolidation of the Kim operation into the Apollo operation the total of shuttle operators will be reduced by one but without a loss of service to either operators' customers. There is also no adverse effect upon other shuttle operators.

The sole adverse consideration is that all Farman's assets other than an approximately \$1,000 cash in bank and some office furniture and equipment are located in Iran with obvious transfer problems in today's global situation. However, when Administrative Law Judge (ALJ) Weiss posed this issue to Farman's representative, he was referred to the fact that there are members of the "Armenian-Iranian community" in Los Angeles well acquainted with both Farman and Daryous Safarzadeh who are willing and able to loan money based on net worth and assets in Iran. ALJ Weiss thereafter was furnished with a letter declaration under penalty of perjury from a Los Angeles resident who states his business and personal relationship with Safarzadeh and his willingness and ability to loan Farman and Safarzadeh up to \$100,000 for the purpose of the Apollo acquisition. Backing up this gentleman's declaration are two statements from California Federal Bank in Los Angeles setting forth the fact that this gentleman has several 10/4/97 balances in savings accounts totaling over \$212,000. As stated in the cover letter from Farman's representative (Motor Station, USA), business relationships in the developing countries are no different from interpersonal relationships: people help each other out in a very informal manner.

Given the Commission's preference for ease of entry to this very competitive shuttle field, the satisfaction of the parties with the terms of these proposed transfers,

and the fact that it is only each's economic stake that is at risk with no adverse impact to the general public, the applications should be approved as being in the public interest.

Given the interrelationship proposed and the common purchase, these applications should be consolidated for processing.

Findings of Fact

1. Apollo is operating a passenger stage corporation shuttle service in the Los Angeles greater area pursuant to a Certificate of Public Convenience and Necessity described in PSC-8402 in D.94-11-049.

2. Kim is operating a passenger stage corporation shuttle service between Los Angeles and LAX, BUR and AMTRAK, pursuant to a Certificate of Public Convenience and Necessity described in PSC-4414 in D.88-12-069.

3. Apollo and Kim both desire to sell their respective passenger stage shuttle operations and vehicles, while Farman wishes to acquire each operating authority and vehicles to consolidate the operations and enter the shuttle business.

4. Given the interrelationship proposed for their future operations and the common buyer, these applications should be consolidated.

5. While unusual, the financial situation of Farman should not be a bar to the granting of the applications.

6. No protests to the application have been received.

7. The proposed sales and transfers would not be adverse to the public interest.

Conclusions of Law

1. The proposed sales and transfers are in the public interest.

2. A public hearing is not necessary.

3. The applications being uncontested, the order that follows should be made effective the date the order is signed.

Only the amount paid to the State for transfer of operating rights (\$300 for each transfer: Public Utilities Code § 1036(b)) may be used in rate fixing, and the State may grant any number of rights and may cancel or modify the monopoly features of these rights at any time.

O R D E R

IT IS ORDERED that:

1. By December 30, 1997, Apollo Soyuz Airport Passenger Service, Inc. (Apollo), and Woo Jin Kim (Kim) may sell their passenger stage operating rights held under PSC-8402 and PSC-4414, respectively, and their vans to Farman Textile, Inc. (Farman) under the terms of their respective Agreements for the Purchase and Sale of Assets included in their respective applications.
2. Farman shall:
 - a. File a written acceptance of each certificate.
 - b. Amend or adopt and reissue the Apollo and Kim tariffs, stating when the consolidated services will start, make these tariffs effective 10 or more days after this order is effective, and allow at least 10 days' notice to the Commission.
 - c. Comply with General Orders Series 101, 104, and 198, and the rules of the California Highway Patrol.
 - d. Maintain accounting records in conformity with the Uniform System of Accounts.
 - e. Remit to the Commission the Transportation Reimbursement fees required by Public Utilities (PU) Code § 403 when notified by mail to do so.
 - f. Comply with the controlled substance and alcohol testing certification program pursuant to PU Code § 1032.1 and General Order Series 158.
 - g. Enroll all drivers in the pull notice system as required by Section 1808.1 of the Vehicle Code.
3. When the sales and transfers are completed, a Certificate of Public Convenience and Necessity to cover the consolidated operations will be granted to Farman, authorizing Farman to operate as a passenger stage corporation as defined in PU Code § 226 for shuttle operations between the points and within the areas set forth in Appendix PSC-11179 on and after the effective date of the consolidated tariffs.

4. The Certificates of Public Convenience and Necessity, PSC-8402 and PSC 4414 granted by Decision (D.) 94-11-049 and D.88-12-065, as amended, respectively, are revoked on the effective day of the tariffs filed by Farman.

5. Before beginning service to any airport, Farman shall notify the airport's governing body. Farman shall not operate into or on airport property unless such operations are also authorized by the airport's governing body.

6. Farman is authorized to begin operations on the date that the Executive Director of the Commission mails a notice to Farman that its evidence of insurance is on file with the Commission and that the California Highway Patrol has approved the use of Farman's vehicles for service.

7. Farman shall comply with PU Code §§ 460.7 and 1043, relating to the Workers' Compensation laws of California.

8. The applications are granted as set forth above.

9. These application proceedings are both closed.

This order is effective today.

Dated December 3, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners

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SECTION I. GENERAL AUTHORIZATIONS, RESTRICTIONS, LIMITATIONS,
AND SPECIFICATIONS.

This certificate supersedes all passenger stage operative authorities granted to Woo Jin Kim, an individual, and to Apollo Soyuz Airport Passenger Service, Inc., a corporation.

Farman Textile, Inc., a corporation, by the certificate of public convenience and necessity granted by the decision noted in the foot of the margin, is authorized to transport passengers and their baggage on an "on-call" basis, between points in Section IIA and Section IIB, over and along the route described in Section III, subject, however, to the authority of this Commission to change or modify the route at any time and subject to the following provisions:

- a. When route descriptions are given in one direction, they apply to operation in either direction unless otherwise indicated.
- b. The term "on-call", as used, refers to service which is authorized to be rendered dependent on the demands of passengers. The tariffs and timetables shall show the conditions under which each authorized on-call service will be rendered.
- c. No passengers shall be transported except those having a point of origin or destination as described in Section IIB.
- d. This certificate does not authorize the holder to conduct any operation on the property of or into any airport unless such operation is authorized by the airport authority involved.

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SECTION II. SERVICE AREAS.

- A. All points within the geographical limits of the Counties of Los Angeles and Orange.
- B. Los Angeles International Airport
Long Beach Airport
Burbank-Glendale Airport
John Wayne Airport
Ontario International Airport
Los Angeles and Long Beach Harbors
AMTRAK Station, Los Angeles

SECTION III. ROUTE DESCRIPTION.

Commencing at any point as described in Section IIA, then over the most convenient streets and highways to any of the points as described in Section IIB.

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