

Decision 06-03-006 March 2, 2006

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of the:  
Matthew B. Tozer, as Trustee of the Tozer Family Trust dated August 26, 2005; William J. Edelhauser, as Trustee of the William J. Edelhauser Family Trust dated November 15, 1995; James L. Shafer, as Trustee of the James L. Shafer Family Trust dated November 29, 1999; William H. Caouette, as Trustee of the William Caouette and Judith Ann Caouette Trust dated August 31, 1994; Robert Black, an individual; Thomas James Orr, an individual; and Deborah Lynn Bull, an individual, collectively as Sellers, to sell all of the issued and outstanding shares of stock and, thereby, to transfer control of Catalina Passenger Service, Inc., a California corporation, an authorized vessel common carrier, providing service between Newport Beach, California, on the one hand and, on the other hand, Santa Catalina Island, California, pursuant to VCC-47, to Levon Gugasian and Zarouhi Gugasian, as Trustees of the Gugasian Trust (a revocable family trust) dated May 8, 1996, as Buyer, in accordance with Public Utilities Code Section 854.

Application 05-12-034  
(Filed December 29, 2005)

**O P I N I O N**

**Summary**

This decision grants the application to transfer control of Catalina Passenger Service, Inc. (CPSI), a vessel common carrier (VCC), to the Gugasian Trust pursuant to Pub. Util. Code § 854.

**Discussion**

CPSI holds a certificate (VCC-47) granted by Decision (D.) 86252 that authorizes the transportation of passengers and their baggage by vessel between Newport Beach and Santa Catalina Island. The 4,085 issued and outstanding shares of stock of CPSI are currently owned by three individuals and four family trusts (collectively Sellers):

<u>Shareholder</u>	<u>Number of Shares</u>
Tozer Trust	1,075
Edelhauser Trust	967
Robert Black	722
Shafer Trust	425
Thomas Orr	408
Caouette Trust	276
Deborah Bull	212

The application requests approval to transfer control of CPSI to the Gugasian Trust (Buyer), a revocable family trust, of which Levon Gugasian and Zarouhi Gugasian are the trustees. As a group, Sellers have determined that it is in their best interest to now sell their respective shares in order to pursue other business and/or personal interests. The agreed purchase price is \$3,418,000, subject to certain post-closing adjustments.

Buyer maintains that it has the financial resources, knowledge, and experience necessary to assume responsibility for the vessel operation. It states that the Gugasian Trust and Levon Gugasian have assets estimated to be worth \$50 million. Levon and Zarouhi Gugasian, through the Gugasian Trust, derive substantial income from their various businesses. Buyer is prepared to invest

significant amounts of capital into CPSI beyond the capability of the company to sustain itself, particularly regarding maintenance and upgrade of its vessel, the *Catalina Flyer*.<sup>1</sup> The *Catalina Flyer* is a 118-foot catamaran with potential passenger capacity of 600 that CPSI has operated in cross-channel service to Santa Catalina Island since 1986.

In terms of experience, Buyer advises that Levon Gugasian has successfully owned, developed, managed, and operated many businesses, including the operations of multiple ocean vessels (both landside and on water). He is familiar with Coast Guard rules and regulations.

Buyer expects that nearly all of CPSI's employees will remain with the company, including crewmembers and captains. The four captains have between 9 and 27 years of service with CPSI. Buyer will retain the key managers of CPSI to continue to manage the passenger vessel operations consistent with the company's normal customs and practice. Buyer informs that subsequent to the closing of this transaction, it intends to transfer 49% of CPSI stock shares to Armen Gugasian, who will provide management assistance to CPSI. Buyer, however, will retain actual control of CPSI as the majority owner.

Buyer submits that the transaction is in the public interest. The public will continue to receive the benefit of CPSI's service without interruption. Buyer also states that no adverse effect upon any other carrier is anticipated by this transfer of control.

Notice of filing of the application appeared in the Commission's Daily Calendar on December 30, 2005.

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<sup>1</sup> Ownership of the *Catalina Flyer* is currently held by a partnership of CPSI and Buyer as equal owners. Upon completion of the proposed purchase of CPSI, Buyer will hold 100% ownership of the vessel.

In Resolution ALJ 176-3165 dated January 12, 2006, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3165.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **Assignment of Proceeding**

Richard Clark is the assigned Examiner in this proceeding.

### **Findings of Fact**

1. CPSI is authorized to operate as a VCC pursuant to D.86252 to transport passengers and their baggage between Newport Beach and Santa Catalina Island.
2. Sellers own all of the issued and outstanding shares of stock of CPSI.
3. Buyer requests authority to acquire control of CPSI through the purchase of Sellers' interest in CPSI.
4. Buyer has the knowledge, experience, and financial ability to operate CPSI.
5. The proposed transfer of control will not be adverse to the public interest.
6. No protest to the application has been filed.
7. A public hearing is not necessary.
8. It can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

### **Conclusions of Law**

1. The proposed transfer of control of CPSI from Sellers to Buyer should be authorized.

2. Since the matter is uncontested, the decision should be effective on the date it is signed.

**O R D E R**

**IT IS ORDERED** that:

1. Pursuant to Pub. Util. Code § 854, the Gugasian Trust (Buyer), a revocable family trust (Levon Gugasian and Zarouhi Gugasian, trustees), is authorized to acquire control of Catalina Passenger Service, Inc. through purchase of all of the issued and outstanding corporate stock from the Tozer Trust, Edelhauser Trust, Shafer Trust, Caouette Trust, Robert Black, Thomas Orr, and Deborah Bull.

2. Within fifteen (15) days of the date the transaction closes, Buyer shall notify the Commission's Consumer Protection and Safety Division in writing thereof.

3. The authority granted by this order shall lapse unless it is exercised within 90 days of the effective date of this order.

4. This proceeding is closed.

This order is effective today.

Dated March 2, 2006, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
GEOFFREY F. BROWN  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
Commissioners

