

Decision No. 15276.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
THE SOUTHERN TERMINAL WAREHOUSING )  
AND STORAGE CORPORATION, for an or- )  
der authorizing the issue of one )  
thousand seven hundred fifty shares )  
of its capital stock. )

Application No. 8332.

Kenneth E. Matot for Applicant.

Brandige Commissioner.

First Supplemental Opinion.

The Railroad Commission by Decision No. 11363 dated December 15, 1922 in the above entitled matter authorized The Southern Terminal Warehousing and Storage Corporation to issue and sell on or before June 30, 1923, \$145,000 par value of stock. The Commission's Decision permits applicant to deliver \$15,000 of stock to A. M. Horne in part payment of the properties proposed to be acquired from him and referred to in the decision. The decision further provides that \$130,000 of the stock may be sold for cash at not less than par and the proceeds used for the following purposes:

- (a) An amount not exceeding 17½ per cent of the proceeds may be used to pay bona fide and reasonable organization and incorporation expenses, attorney fees and stock selling expense.
- (b) An amount not exceeding \$100,000 of the proceeds may be delivered to A.M. Horne in part payment for the properties described in this application.

- (c) The remainder of the proceeds may be used for working capital.

Applicant on June 13, 1923 filed a supplemental petition in the above entitled matter asking six months additional time within which to sell its stock.

It is of record that applicant has sold none of its stock for cash. It has issued the \$15,000 of stock to A.M. Horne, who assigned \$10,000 of the stock to C. A. Bailey owner of the property, on which A. M. Horne agreed to construct a warehouse building, and transfer said real property together with the building to applicant. There was also issued to C. A. Bailey a note for \$8,500. Subsequently the property was transferred to Mrs. Kenneth E. Matot under an escrow arrangement. It is now planned to place a \$50,000 first mortgage and a \$25,000 second mortgage on the property and then transfer the real property together with the building to be constructed thereon subject to these mortgages back to applicant. It is urged that the sums thus borrowed would not be the obligations of applicant. <sup>the</sup> But fact remains that the properties would be encumbered, a situation not contemplated by the Commission in Decision No. 11363. The Commission will insist that the plan to encumber the properties in the manner outlined at the hearing on the supplemental petition, or in any other manner be abandoned. It is only after the Commission has been advised that this has been done, that the extension of time herein granted will become effective.

I herewith submit the following form of order.

First Supplemental Order.

A public hearing having been had on the supplemental petition filed in the above entitled matter on June 13th, 1923, and the

Commission being of the opinion that the request contained in such petition should be granted subject to the conditions of this order therefore,

IT IS HEREBY ORDERED that the order in Decision No. 11363 dated December 15, 1922 be, and it is hereby, modified so as to permit The Southern Terminal Warehousing and Storage Corporation to issue and sell the stock referred to in said order on or before December 31, 1923, provided that the authority herein granted will not become effective until there has been filed with the Commission in satisfactory form a stipulation duly authorized and executed by applicant's Board of Directors agreeing that applicant, its successors or assigns will not directly place or indirectly cause to be placed a mortgage or mortgages or deed of trust or deeds of trust on the properties described in this application to secure the payment of indebtedness, or acquire such properties subject to any indebtedness or incumbrances.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 11363 dated December 15, 1922 be and it is hereby further modified so as to require that all the proceeds obtained from the sale of \$130,000 of stock, other than the 17½ per cent which under Decision No. 11363 may be used to pay bona fide and reasonable organization and incorporation expenses, attorney fees and stock selling expenses, be deposited in a bank or banks and expended only for such purposes as the Commission will authorize by a supplemental order or orders. The 17½ per cent may be expended for the purposes indicated in Decision No. 11363.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 11363 dated December 15, 1922 shall remain in full force and effect except as modified by this first supplemental order.

The foregoing first supplemental opinion and the first  
and ordered filed  
supplemental order are hereby approved/as the first supplemental  
opinion and first supplemental order of the Railroad Commission  
of the State of California.

Dated at San Francisco, California, this 26<sup>th</sup> day  
of June 1923.

P. L. Sawyer

H. B. Bondig

Egerton Shaw

Commissioners.