

Decision No. 14411

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
HUGH GOODFELLOW, WARREN OLNEY and)
W. I. BROBECK, as trustees, KEY SYS-)
TEM TRANSIT COMPANY, a corporation,)
EAST OAKLAND RAILWAY COMPANY, a cor-)
poration, OAKLAND AND HAYWARDS RAIL-)
ROAD, a corporation, and KEY SYSTEM)
SECURITIES COMPANY, a corporation,)
to issue additional capital stock.)

Supplemental Application
Number 9367.

ORIGINAL

McCutchen, Olney, Mannon and Greene,
by Warren Olney, Jr. for applicants.

BY THE COMMISSION :

FIRST SUPPLEMENTAL OPINION

In the supplemental petition filed on December 19, 1924, in the above entitled matter, Key System Transit Company asks permission to issue stock and expend cash in amounts hereafter indicated, to refund bonds which were a lien on property acquired by it.

The testimony shows that the Board of Directors of Key System Transit Company have agreed to permit the holders of \$98,000.00 face value of bonds which were a lien on properties acquired by such company, to participate in the benefits of the reorganization plan of San Francisco-Oakland Terminal Railways. The record shows that the directors of the Key System Transit Company are convinced that the failure of the owners of the bonds to consent to, and deposit their bonds under, the reorganization plan was unintentional and due to oversight.

Of the \$98,000.00 of bonds which are the subject matter of this supplemental application, \$42,000.00 come within Group I-B, \$4,000.00 within Group II and \$52,000.00 within Group III of the reorganization plan of San Francisco-Oakland Terminal Railways. The

plan provides that the holders of bonds under Group I-B were to receive general and refunding bonds of the Key System Transit Company equal in face value to the face value of bonds and certain unpaid interest coming within such group; that holders coming within Group II were to receive prior preferred stock of the company equal to 75 per cent. and preferred stock equal to 25 per cent. of bonds and certain unpaid interest coming within such group; and that holders of bonds coming within Group III were to receive 50 per cent. of prior preferred and 50 per cent. in preferred stock for bonds and certain unpaid interest coming within such group. Under the foreclosure decree the holders of bonds coming within Group I-B who did not deposit their bonds under the reorganization plan received \$624.48 in cash, the holders of bonds under Group II, \$474.75, and holders of bonds under Group III, \$376.15 per \$1,000.00 bond. The original agreement with the holders of the \$98,000.00 of bonds was to the effect that the cash to which they might be entitled under the foreclosure decree was to be turned over to the Key System Transit Company and they in turn receive bonds and stock of such company in the same amounts as though their bonds had been originally deposited under the reorganization plan. Subsequently it was found that all of the bonds which may be issued under the company's general and refunding mortgage had been issued and that it was impossible to carry out the original agreement. The agreement was modified and under such modified agreement the holders of the \$42,000.00 of bonds coming within Group I-B, will receive \$156.12 per thousand dollar bond in addition to the \$624.48 to which they are entitled under the foreclosure decree. The holders of the \$52,000.00 of bonds referred to above will receive 313.482 shares of prior preferred stock and 313.482 shares of preferred stock of the Key System Transit Company, while the holders of the \$4,000.00 of bonds will receive 36 shares of prior preferred and 12 shares of preferred stock of the Key System Transit Company. The stock so issued will bear dividends from January 1, 1925. All rights to divi-

dends or interest payable prior to January 1, 1925 have been waived.

FIFTE SUPPLEMENTAL ORDER

Key System Transit Company having applied to the Railroad Commission for permission to issue 574.964 shares (\$67,496.40 Par value) of stock for the purpose of refunding bonds which were a lien on property acquired by it, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be acquired by the Key System Transit Company through the issue of stock herein authorized, is reasonably required by applicant and that the supplemental petition filed in the above entitled matter should be granted, therefore

IT IS HEREBY ORDERED that the Key System Transit Company be, and it is hereby, authorized to issue 313.482 shares of prior preferred stock and 313,482 shares of preferred stock to refund the \$52,000.00 face value of San Francisco, Oakland and San Jose Consolidated Railway bonds referred to in the supplemental petition filed in the above entitled matter on December 19, 1924 and to issue 36 shares of prior preferred stock and twelve shares of preferred stock, to refund the \$4,000.00 face value of bonds of San Francisco, Oakland and San Jose Railway Company seconds referred to in said supplemental petition; provided that the owners of said bonds in each instance pay to or otherwise account for, to the Key System Transit Company the amount to which they as owners of such bonds, are entitled to receive from the proceeds of the foreclosure sale of the properties securing the payment of the bonds; and provided further that the holders of such shares of stock shall have no right to any dividends thereon payable prior to January 1, 1925.

IT IS HEREBY FURTHER ORDERED that Key System Transit Company shall keep such record of the issue, and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th. day of each month a verified report, as re-

quired by the Railroad Commission's General Order Number 24, which order in so far as applicable is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

DATED at San Francisco, California, this 27th day of December, 1924.

C. Seavey

Egerton Shore

J. L. Whittley

Commissioners.