

ORIGINAL

IRA

Decision No. 15606.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
UNITED STAGES, Inc.,)
a corporation, for permission to)
issue stock.)

Application No. 11,776.

T. Morgan, applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order authorizing the United Stages, Inc. to issue \$85,000. par value of its common capital stock. The company asks permission to issue \$35,000. of the stock to reimburse its treasury on account of earnings expended for property and thereafter distribute such stock as a dividend to its stockholders, and to sell \$50,000. of stock at not less than 80 percent of its par value and use the proceeds to acquire new equipment.

The United Stages, Inc. has an authorized stock issue of \$200,000. divided into 2,000 shares of the par value of \$100. each, as of August 31, 1925, stock in the amount of \$53,200. outstanding.

As of August 31, 1925, applicant reports assets and liabilities as follows:-

<u>Assets</u>	
<u>Capital Assets:</u>	
Franchises	\$35,064.84
Plant and equipment.	109,969.71
Other property	30,890.09
Total property.....	<u>\$175,924.64</u>
LESS: Reserve for accrued depreciation.	<u>34,795.46</u>
Net Capital Assets.....	<u>\$141,129.18</u>
 <u>Current Assets:</u>	
Cash	\$ 11,776.36
Notes receivable	-
Accounts receivable.	14,457.97
Materials and supplies	8,137.66
Special funds.	-
Total Current Assets.....	<u>\$ 34,371.99</u>
Prepayments:.....	<u>\$ 3,730.61</u>
Total Assets.....	<u>\$179,231.78</u>

<u>Liabilities and Capital</u>	
<u>Capital Liabilities:</u>	
Capital Stock	\$ 53,200.00
Funded debt	<u>11,375.00</u>
Total Capital Liabilities.....	<u>\$ 64,575.00</u>
 <u>Current Liabilities:</u>	
Notes payable	\$ 9,163.72
Accounts payable.	29,753.96
Other.	<u>78.39</u>
Total Current Liabilities.....	<u>\$38,996.07</u>
Surplus.....	<u>\$75,660.71</u>
Total Liabilities and Capital.....	<u>\$179,341.78</u>

Applicant has an accumulated surplus of \$75,660.71.

In arriving at the amount of stock which it desires to distribute as a dividend to its stockholders, applicant deducted from the \$75,660.71 a sum of \$35,064.84 reported in its balance sheet under the item of franchises. Deducting the \$35,064.84 from the \$75,660.71 leaves a balance of \$40,595.87 against which it proposes to issue the \$35,000. of stock.

T. Morgan, President and General Manager of United Stages, Inc., testified that it is necessary for the company to acquire newer and larger equipment in order that more adequate service can be rendered between Imperial Valley points, and that the increase in business between Los Angeles and Imperial Valley necessitates additional equipment in the near future. It is of record that applicant has not yet finally determined the type of equipment which it will require. Not until the Commission has been furnished with definite information as to the type of equipment and cost thereof which applicant will acquire, will the Commission authorize the expenditure of any proceeds for such purposes. We do not believe that applicant has justified its request for permission to issue and sell \$50,000. of stock at not less than 80. We think this stock should be sold for not less than par. The order herein will so provide. The order will further provide that of the proceeds realized from the sale of the stock an amount not exceeding ten (\$10.00) dollars per share of stock sold may, if necessary, be expended to pay expenses incident to the sale of the stock and that all other proceeds be deposited

in a special bank account and expended only for such purposes as may hereafter be authorized by the Commission.

O R D E R

United Stages, Inc., having applied to the Railroad Commission for permission to issue \$85,000. of its common stock and a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required and that this application should be granted as provided in this order, therefore,

IT IS HEREBY ORDERED that the United Stages, Inc. be, and it hereby is, authorized to issue on or before June 30, 1926, \$85,000. par value of its common capital stock. Of such stock \$55,000. shall be issued at not less than par for purpose of reimbursing applicant's treasury on account of earnings expended for the acquisition of properties and may thereafter be distributed as a stock dividend. The remaining \$30,000. of said stock shall be sold by applicant at not less than par. Of the proceeds realized an amount not exceeding ten (\$10.00) dollars per share may, if necessary, be expended to pay expenses incident to the sale of the stock. The remaining proceeds and such portion of the ten dollars not expended for the aforesaid purposes shall be deposited in a bank in conformity with the Commission's General Order No. 24 and expended only for such purposes as the Commission will hereafter authorize by supplemental order or orders.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof and that applicant shall keep such record of the issue, sale 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 required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

DATED at San Francisco, California, this 7th day of November, 1925.

H. A. Brundage
O. Searcy
George D. Squires
Edward

Commissioners.