

Decision No. 16184**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LINCOLN GRAIN GROWERS, INC.,)
 for an order authorizing the issu-)
 ance of stock.)

Application No. 12521

C. F. Metteer and H. J. March, for applicant.

BY THE COMMISSION:

OPINION

In this application as amended at the hearing had before Examiner Fankhauser on February 26th, Lincoln Grain Growers, Inc., asks permission to issue \$25,000. of common stock, a \$13,000. note secured by a mortgage and \$5,000. unsecured notes for the purposes to which reference will hereafter be made.

Lincoln Grain Growers, Inc. was organized in 1925 under the laws of California with an authorized capital stock of \$25,000. divided into 250 shares of \$100. each. It is of record that those interested in the organization of applicant corporation have advanced to applicant \$12,400. to enable it to purchase warehouse properties and that these individuals will accept applicant's stock at par in payment for their advances. To make additional payments on warehouse properties applicant executed to Andy Rasmussen a mortgage to secure the payment of a \$13,000. six percent note

payable on or before five years after date. The record also shows that to enable applicant to construct and acquire warehouse properties certain individuals executed their notes for \$5,000. payable to the Bank of Lincoln, which notes applicant has assumed to pay. Testimony shows that all money which the individuals obtained through the issue of notes was turned over to applicant and used by it in constructing and acquiring warehouse properties.

Applicant's petition shows that it is the owner of certain warehouses, elevators and certain machinery connected therewith all situated in Placer County and more particularly consisting of -

- One (1) corrugated iron warehouse, 90 feet by 50 feet;
- One (1) wooden warehouse, 70 feet by 45 feet;
- Two (2) elevators, each of the size 36 feet by 40 feet by 65 feet, with all elevator, cleaning and rolling machinery;

The cost of these properties is reported at \$31,950.46.

Applicant asks that it be permitted to issue \$25,000. of its common stock at par. This stock, according to the testimony, will all be subscribed for by persons living in Lincoln or its vicinity and by persons who expect to patronize applicant's warehouse facilities. The proceeds obtained from the sale of the stock will be used to pay the \$12,400. advanced to applicant by certain individuals ; to construct a corrugated iron elevator similar in design to the ones now being operated by the Lincoln Grain Growers, Inc., at an approximate cost of \$8,000. and to pay the balance due on elevators now owned and operated by applicant, said balance being the sum of \$4,600.

The \$13,000. note now outstanding was issued by

applicant without an order from the Railroad Commission. We are satisfied, however, that this note was issued through inadvertance and with no attempt to evade the provisions of the Public Utilities Act. Applicant asks that it be permitted to issue a new note to refund the indebtedness represented by the \$13,000. note now outstanding. It also asks that it be permitted to issue \$5,000. face value of notes to the Bank of Lincoln in substitution of the notes which certain individuals issued to such bank for the benefit of applicant.

ORDER

Lincoln Grain Growers, Inc., having applied to the Railroad Commission for permission to issue \$25,000. of stock and \$18,000. of notes, a public hearing having been held and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock and notes is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that Lincoln Grain Growers, Inc. be, and it hereby is, authorized to issue and sell on or before December 31, 1926, at not less than par \$25,000. of its common capital stock and use the proceeds to purchase from the California

Farm Bureau Elevator Company an elevator situated in Lincoln, Placer County, at an agreed price of \$12,400. or pay advances made to applicant on account of the acquisition of such elevator; to construct a corrugated iron elevator similar in design to the ones now being operated by the Lincoln Grain Growers, Inc. at an approximate cost of \$8,000. and to pay the balance due, approximately \$4,600. on elevators now owned and operated by said applicant.

IT IS HEREBY FURTHER ORDERED that Lincoln Grain Growers, Inc. be, and it is hereby, authorized to issue a \$13,000. note to Andy Rasmussen payable on or after five years after date with interest at the rate of six percent per annum to refund a \$13,000. note of indebtedness now owing said Andy Rasmussen and to execute a mortgage to secure the payment of said note, said mortgage to be substantially in the same form as the mortgage filed in this proceeding provided that the authority herein granted to execute said mortgage is for this proceeding only and is granted only insofar as the Railroad Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

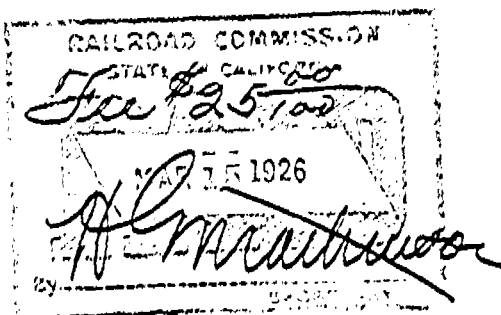
IT IS HEREBY FURTHER ORDERED that Lincoln Grain Growers, Inc. be, and it is hereby, authorized to issue to the Bank of Lincoln a note or notes in the sum of not exceeding \$5,000., said note or notes to be payable ninety days after date with interest at the rate of six percent per annum, which notes applicant is herein authorized to renew from time to time provided that the term of the original note/^{or notes} issued under the authority herein granted

and any renewals thereof do not exceed five years from the date of this order and, provided further, ^{that} the proceeds obtained from the issue of such note or notes be used to pay the indebtedness assumed by applicant and referred to in the preceding order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted to issue stock will become effective upon the date hereof and that the authority herein granted to issue notes will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty Five (\$25.00) Dollars.

IT IS HEREBY FURTHER ORDERED that Lincoln Grain Growers, Inc. 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, insofar as applicable, is made a part of this order.

DATED at San Francisco, California, this 11th day of March, 1926.



[Signature]
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Commissioners.

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