

ORIGINAL

Decision No. 16869

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of }
 J. C. LOOMIS, INCORPORATED, }
 a corporation, for a permit to } , Application No. 12885
 issue stock. }

Oliver P. Ensley, for applicant.

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make an order validating the issue by J. C. Loomis, Incorporated, of \$12,520. of stock without an order from the Commission, or authorizing J. C. Loomis, Incorporated, to issue \$12,520. of stock in lieu of the stock issued without such an order.

The record shows that J. C. Loomis, Incorporated, a corporation, was organized on or about August 15, 1925, primarily for the purpose of taking over and operating the business and properties of J. C. Loomis and is now engaged in the general mercantile business in Hemet, Riverside County, and in connection therewith, in the public utility warehouse business, conducting its warehouse operations under tariffs and schedules of rates regularly filed with the Commission.

The application shows that the properties include a

lot, 2-1/2 acres in area, located on West Florida Avenue, Hemet, California, and a warehouse building constructed with a cement floor having an area of 5,000 square feet, and with galvanized iron sides and roof and cement stucco front, and equipped with two alfalfa recleaning seed machines with necessary pits, elevators, tanks, etc., the building having a capacity of 750,000 pounds of alfalfa seed. The assets and liabilities of J. C. Loomis were transferred, it appears, as of September 20, 1925, as of which date they were reported as follows:-

ASSETS:

Bills receivable	\$2,991.54	
Cash	758.46	
Office equipment	175.00	
Buick auto, 1923	400.00	
Sacks, twine, etc. on hand	395.00	
Seed	500.00	
Funds expended to organize corporation	50.00	
Land and building.	6,735.00	
Equipment.	<u>3,265.00</u>	
Total		<u>\$15,270.00</u>

LIABILITIES:

Note payable	\$500.00	
Bills payable.	<u>2,500.00</u>	
Total		3,000.00

NET WORTH

	12,270.00
Total	<u>\$15,270.00</u>

The corporation has an authorized capital stock of \$25,000. divided into 2,500 shares of the par value of \$10. each, all common. In order to acquire the business and properties it now operates it appears that it applied for, and, on October 2, 1925, received from the Commissioner of Corporations permission to issue \$12,520. of stock, which stock, it is reported, was

issued to and is held by the following persons:-

J.C.Loomis	\$ 10.
W.E.Shelhart	10.
Sara Loomis	12,500.
Total	<u>\$12,520.</u>

It appears to us that the corporation should have applied to this Commission for permission to issue its stock for the reason that a portion of its operations are of a public utility nature. It clearly appears, however, that the corporation was unaware of the necessity of securing the approval of the Railroad Commission and that it issued its stock, without such approval, through inadvertence and with no intent to evade the provisions of any act. When this matter was brought to the company's attention it filed the present application.

We do not believe, however, that we can validate the issue of the stock made without an order from the Commission. In our opinion the stock issued without permission is void and the Commission cannot ratify a transaction it believes void under the terms of the Public Utilities Act. The order herein, therefore, will authorize the issue and delivery of new shares of stock.

ORDER

J. C. Loomis, Incorporated, having applied to the Railroad Commission for an order validating or authorizing the issue of stock and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary and that applicant should be authorized to issue \$12,520. of stock and that the issue of such stock is reasonably required by

applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that J. C. Loomis, Incorporated, be, and it is hereby, authorized to issue 1,252 shares of its capital stock of the aggregate par value of \$12,520., in lieu of stock of like amount heretofore issued without an order from the Railroad Commission, for the purpose of financing in part the cost of acquiring the business and properties of J. C. Loomis to which reference is made in the preceding opinion.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof and that applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file within thirty days thereafter 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 9th
day of June, 1926.

H. B. Brundage

C. C. Leavelle

Leon Whitell

Commissioners.