

LEB

Decision No. 17044.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
MODERN WAREHOUSES INC.,)	
for an order authorizing the issue of)	Application No. 12842
the balance of its treasury stock.)	

E. B. Fogarty, for applicant.

BY THE COMMISSION:

O P I N I O N

ORIGINAL

In this application as amended at the hearing had before Examiner Fankhauser on June 21st, applicant asks permission to issue \$6,500.00 of stock and \$49,500.00 face value of notes for the purposes hereinafter stated.

Applicant was organized on or about August 9, 1925 with an authorized capital stock of \$25,000.00. Of this amount \$18,500.00 appears to have been issued prior to the time that applicant engaged in public utility warehouse business. Subsequent to such time, applicant issued \$6,500.00 of additional capital stock and \$43,000.00 face value of notes to acquire the warehouse property and building located at #6500 McKinley Ave., Los Angeles. This building is used at present by applicant for the purpose of storing automobiles.

On August 19, 1925 applicant mortgaged to Hellman Commercial Trust and Savings Bank the land and building to secure a loan of \$25,000.00, such loan being represented by a note of \$2,500.00 payable two years after date with interest at the rate of seven percent per annum, and a note for \$22,500.00 payable three years after date with interest at the rate of seven percent per annum. On the same date, to-wit, August 19, 1925, applicant

executed a deed of trust to the Hellman Commercial Trust and Savings Bank as trustee, such deed of trust being subject to said mortgage executed to the Hellman Commercial Trust and Savings Bank, to secure a further loan of \$18,000.00. The \$18,000.00 loan is represented by a \$7,500.00 note payable on or before four years after date to J. W. Austin and C. W. Kinnison or order, with interest at the rate of seven percent per annum, and a note for \$10,500.00 payable on or before five years after date to W. J. Austin and C. E. Kinnison or order, with interest at the rate of seven percent per annum.

On December 31, 1925 applicant reported short term notes outstanding in the amount of \$11,489.35, of which amount \$6,500.00 was payable to the Hellman Commercial Trust and Savings Bank, \$4,500.00 to E. E. Gallagher, \$372.00 to the Universal Finance Company and \$117.35 to the Safe Cabinet Company. The testimony shows that the note payable to the Hellman Commercial Trust and Savings Bank has been renewed from time to time, without permission from the Commission.

The record clearly shows that applicant's officers at the time they issued the several notes were not familiar with the provisions of the Public Utilities Act relating to the issue of stock and notes. Upon having their attention called to the Act they immediately filed the above entitled application and amended the same at the hearing so as to cover the issue of notes, as well as the issue of stock.

O R D E R

Modern Warehouses Inc., having applied to the Railroad Commission for permission to issue stock, notes, and execute a mortgage and a deed of trust, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for

by such issue is reasonably required by applicant and that this application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:-

1. Modern Warehouses Inc. may issue and sell on or before December 1, 1926, \$6,500.00 per value of its common capital stock and use the proceeds to pay in part for its warehouse properties referred to in this application.
2. Modern Warehouses Inc. may issue to Hellman Commercial Trust and Savings Bank a note for the sum of \$2,500. payable two years after date with interest at the rate of seven percent per annum, and a note for \$22,500.00 payable three years after date with interest at the rate of seven percent per annum and execute a mortgage to secure payment of such notes, said mortgage to be substantially in the same form as the mortgage filed in this proceeding.
3. Modern Warehouses Inc. may execute a deed of trust to the Hellman Commercial Trust and Savings Bank as trustee, subject to the lien of the mortgage herein authorized to be executed to secure the payment of a loan for \$18,000.00 represented by a note for \$7,500.00 payable on or before four years after date with interest at the rate of seven percent per annum, and a note for \$10,500.00 payable on or before five years after date with interest at the rate of seven percent per annum, the issue of which notes is hereby authorized.
4. Modern Warehouses Inc. shall use the proceeds obtained through the issue of the notes, referred to in paragraphs two and three of this order to pay in part for its warehouse properties described in this application.

5. Modern Warehouses Inc may issue and sell for the principal sum of \$6,500.00 a \$6,500.00 note payable on or before one year after date with interest at the rate of six percent per annum and use the proceeds for working capital. If applicant issues the note for a term less than one year it may renew the same from time to time, provided that the term of the original note and the terms of any notes issued in renewal thereof shall not exceed one year after the date thereof.

6. The authority herein granted to execute a mortgage and a deed of trust is for the purpose of this proceeding only and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such mortgage and deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.

7. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is \$50.00.

8. Modern Warehouses Inc. shall keep such record of the issue 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 2d day of July, 1926.

Fee \$50.00
RAILROAD COMMISSION
STATE OF CALIFORNIA
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