

Decision No. 17611

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)  
C.C. STAFFORD MILLING AND WAREHOUSE)  
COMPANY, }  
a corporation, for order authoriz- }  
ing issue of stock. }

**ORIGINAL**

Application No. 13234.

J. Vincent Hannon,  
by T. G. Dalton, for applicant.

BY THE COMMISSION:

O P I N I O N

C. C. Stafford Milling and Warehouse Company, Inc. asks the Railroad Commission to make an order authorizing it to issue \$50,000.00 of stock in lieu of stock issued without an order from the Commission.

The application shows that C. C. Stafford Milling and Warehouse Company, Inc. was organized on or about April 17, 1924, primarily for the purpose of taking over the grain milling and warehouse properties then owned and operated by C. C. Stafford at El Monte and Puente, Los Angeles County, it being thought that the business could be carried on more conveniently and efficiently by a corporation.

It appears that the properties of C. C. Stafford consisted of four concrete and corrugated warehouses, one located on 1.52 acres of land, owned by him, situated along the Southern

Pacific right of way near Puente, and the other three on property leased from the Pacific Electric Company and the Southern Pacific at El Monte, together with equipment. The assets and liabilities, as of December 31, 1925, were reported to the Commission as follows:-

ASSETS:

Cost of plant, buildings, land, etc. . . . .	\$52,255.66	
Accounts receivable . . . . .	<u>6,255.23</u>	
Total Assets . . . . .		<u>\$58,510.89</u>

LIABILITIES:

Accounts payable . . . . .	\$ 25.00	
Reserve for depreciation . . . . .	3,387.48	
Surplus. . . . .	5,098.41	
Capital. . . . .	<u>50,000.00</u>	
Total Liabilities . . . . .		<u>\$58,510.89</u>

The corporation has an authorized capital stock of \$50,000.00, divided into 500 shares of the par value of \$100.00 each, all common. The company heretofore applied to the Commissioner of Corporations for permission to issue all of its authorized stock in payment for the properties of C. C. Stafford, and on May 7, 1924, received permission to do so, the order reading in part as follows:-

C. C. Stafford Milling and Warehouse Company, Inc., a California corporation, is permitted to issue 500 shares of its capital stock to its three incorporators in exchange for the transfer and assignment to the applicant, first to be made, of the property described in its application, free and clear of all liens, encumbrance or liabilities.

Applicant reports that such transfer was made and stock issued. We question the validity of the issue of the

stock and believe that permission to do so should have been obtained from this Commission. It clearly appears, however, that applicant 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 the matter was brought to its attention it filed this petition to withdraw and cancel the certificates heretofore issued and to issue new ones in lieu thereof.

#### O R D E R

C. C. Stafford Milling and Warehouse Company, Inc. having applied to the Railroad Commission for an order authorizing the issue of stock, a public hearing having been held before Examiner Williams and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue of stock is reasonably required for the purpose specified herein, and that the expenditure for such purpose is not in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that C. C. Stafford Milling and Warehouse Company, Inc., be, and it hereby is, authorized to issue 500 shares of its common capital stock, of the aggregate par value of \$50,000.00, in lieu of stock of like amount heretofore issued without an order from the Railroad Commission for the purpose of purchasing the business and properties of C. C. Stafford described in Exhibit "C" attached to the present application.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof, and further, that applicant shall keep such record of the issue 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 12<sup>th</sup>  
day of November, 1926.

H. R. Anderson

C. S. Sweeney  
Edward J. Quinn

John D. Smith

Commissioners.