

LEM

Decision No. 17963.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
POSTAL TELEGRAPH-CABLE COMPANY )  
for an order authorizing the issue )  
of stock. )

**ORIGINAL**

Application No. 12926

Willard P. Smith, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding Postal Telegraph-Cable Company asks the Railroad Commission to make an order authorizing it to withdraw and cancel its present outstanding capital stock consisting of 500 shares of the par value of \$200. each and the aggregate par value of \$100,000.00, and to issue in lieu thereof 500 shares of common capital stock of the par value of \$500. each and the aggregate par value of \$250,000.00.

The Postal Telegraph-Cable Company was organized on or about June 23, 1908. It appears that on September 29, 1925 the authorized capital stock of the company was increased from \$100,000. of common stock, consisting of 500 shares of the par value of \$200. each, to \$250,000.00, consisting of 500 shares of the par value of \$500. each. The present request for permission to issue stock, then, involves the issue of all the authorized capital stock and results in an increase in the total capitalization of \$150,000.00.

The record shows that all of applicant's outstanding stock, except seven shares held by directors, is owned or controlled by The Mackay Companies, and that that organization advances to its subordinate companies, including applicant, funds needed for the construction of additions, betterments and extensions.

Applicant as of June 30, 1926 reports assets and liabilities as follows:-

<u>A S S E T S</u>	
Plant account . . . . .	\$1,992,825.00
Due from stations and agents . . . . .	269,108.26
Supplies on hand . . . . .	5,850.67
Accounts receivable . . . . .	63,286.40
Cash in bank . . . . .	229,653.92
Profit and loss deficit . . . . .	<u>7,160.61</u>
Total.....	<u>\$2,567,884.86</u>

<u>L I A B I L I T I E S</u>	
Capital stock . . . . .	\$ 250,000.00
Accounts payable . . . . .	3,940.58
Due to system corporations . . . . .	571,119.28
Due Mackay Companies for moneys advanced . . . . .	<u>1,742,825.00</u>
Total.....	<u>\$2,567,884.86</u>

In making the present application the company reports that The Mackay Companies will hold, or control, all of the stock. It appears, however, that applicant intends to require the subscriber to make an initial payment equal in amount to ten percent only of the par value of the stock, the balance to be paid, from time to time, when called for by its Board of Directors. We will not permit the issue of the stock under such a condition.

O R D E R

Postal Telegraph-Cable Company having applied to the Railroad Commission for an order authorizing the issue of stock, 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 paid or provided through the issue of such stock is reasonably

required for the purpose specified herein, and that such purpose is not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Postal Telegraph-Cable Company be, and it hereby is, authorized to withdraw and cancel its present outstanding common capital stock of \$100,000.00, consisting of 500 shares of the par value of \$200. each, and to issue on or before June 30, 1927, subject to the terms and conditions of this order and not otherwise, \$250,000.00 of common capital stock consisting of 500 shares of the par value of \$500. each.

The authority herein granted is subject to the following conditions:-

1. Of the stock herein authorized to be issued, \$100,000.00 may be issued in exchange for a like amount of stock now outstanding and \$150,000.00 may be issued only upon receipt by applicant of \$150,000.00 in cash, which cash shall be used to pay indebtedness, or upon the cancellation by The Mackay Companies or system corporations of indebtedness in the amount of \$150,000.00, the cancellation of such debt being a condition precedent to the issue of said \$150,000.00 of stock.
2. 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, insofar as applicable, is made a part of this order.

3. The authority herein granted shall become effective upon  
the date hereof.

DATED at San Francisco, California, this 7<sup>th</sup> day of  
February, 1927.

Ernest J. ...  
H. B. ...  
C. ...  
Leon ...  
Thos. ...

Commissioners.