

ORIGINAL

Decision No. 18027

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of }
 WILMINGTON TRANSFER AND STORAGE }
 COMPANY }
 to issue stock for profits and sur- }
 plus capital of the business. }

Application No. 13418.

Henry E. Carter, for applicant.

BY THE COMMISSION:

OPINION

In this application Wilmington Transfer and Storage Company asks permission to issue at par \$95,000.00 par value of its common capital stock for the purposes hereinafter stated.

Applicant is engaged in the business of a warehouseman at Wilmington, in the City of Los Angeles, and also the transportation of freight by trucks and a mercantile business in connection therewith. It has an authorized stock issue at this time of \$250,000.00. Stock in the amount of \$10,000.00 is now outstanding, substantially all of which is owned by J. P. Puckett.

In its financial statement as of October 30, 1926, Wilmington Transfer and Storage Company reports its assets at \$124,788.66 and its liabilities including its depreciation reserve at \$81,254.66, leaving a net worth of \$43,534.00. The net

worth is represented by \$10,000.00 of stock and a reported surplus of \$33,534.00. The liabilities consist of bills payable amounting to \$39,604.21 and of accounts payable of \$10,382.81 and depreciation reserve of \$31,267.64.

The company asks permission to issue \$60,000.00 of stock to reimburse its treasury on account of earnings expended for properties and thereafter distribute such stock as a dividend. The record in this proceeding does not warrant the issue of \$60,000.00 of stock for dividend purposes. Its surplus amounts to only \$33,534.00. The order herein will permit the issue of \$30,000.00 of stock for the purpose of reimbursing applicant's treasury, which stock applicant may thereafter distribute as a stock dividend.

Applicant further asks permission to issue and sell at par \$35,000.00 of its common capital stock and use \$20,000.00 of the proceeds to acquire additional stock of the Los Angeles Harbor Warehouse Company and \$15,000.00 to purchase additional equipment and facilities.

The warehouse properties which applicant now operates are leased from the Los Angeles Harbor Warehouse Company at a rental of \$1,108.50 per month. Applicant now owns \$17,000.00 of outstanding stock of the Los Angeles Warehouse Company, which is paying dividends on its stock at the rate of seven percent per annum. It is applicant's intention to acquire additional stock and thereby offset its rental for the use of the buildings of the Los Angeles Harbor Warehouse Company. J. P. Puckett testified that he had no knowledge at this time as to what he would have to pay for stock of that company. His intention is to have

applicant purchase the same when any of the present stockholders desire to sell, provided they offer to sell at a reasonable price.

The testimony of J. P. Puckett does not show specifically what additional equipment the company intends to acquire. It does show, however, that applicant's business is increasing and that from time to time he finds it necessary to purchase additional equipment and facilities to take care particularly of its warehouse business. In our opinion, applicant should be permitted to issue additional stock to provide itself with working capital and with funds available to acquire such equipment as it may need to conduct its business.

We do not believe that the Commission should at this time authorize applicant to issue stock for the purpose of acquiring stock of the Los Angeles Harbor Warehouse Company. In our opinion the proceeds from the sale of \$20,000.00 of stock should be used to pay indebtedness which on October 30, 1925 is reported at \$39,604.21. The payment of part of this debt and the elimination of interest charges may result in as great, if not a greater saving to applicant than the purchase of stock of Los Angeles Harbor Warehouse Company. We, of course, have no objection to applicant using current income to purchase stock of that company, but we do not believe that the evidence warrants the Commission to permit applicant to use stock proceeds for that purpose.

ORDER

Wilmington Transfer and Storage Company having applied to the Railroad Commission for permission to issue \$95,000.00 of stock, a public hearing having been held before Examiner Fankhauser

and the Commission being of the opinion that this application insofar as it involves the issue of \$65,000.00 of stock should be granted and that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant, and that the expenditures therein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application insofar as it involves the issue of \$30,000.00 of stock, should be dismissed without prejudice, therefore,

IT IS HEREBY ORDERED as follows:-

- (1) Wilmington Transfer and Storage Company may issue on or before October 1, 1927, at not less than par \$30,000.00 of its common capital stock for the purpose of reimbursing its treasury on account of surplus earnings invested in its business and thereafter distribute such stock to its stockholders as a stock dividend.
- (2) Wilmington Transfer and Storage Company may issue and sell for cash at not less than par on or before October 1, 1927, \$35,000.00 par value of its common capital stock and may use \$15,000.00 of the proceeds for working capital or for the acquisition of additional equipment and facilities necessary in the conduct of its business, and \$20,000.00 for payment of indebtedness.
- (3) This application insofar as it involves the issue of \$30,000.00 of stock be, and the same is, hereby

dismissed without prejudice.

- (4) The authority herein granted to issue stock will become effective upon the date hereof.
- (5) Wilmington Transfer and Storage Company 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 24th day of February, 1927.

Ernest West
H. B. Prudige
A. S. Sauer
Leon Whitell
Thos. J. Houtz

Commissioners.