

Decision No. 18616

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LOS ANGELES COMPRESS & WAREHOUSE CO.) Application No. 13917.
 for order authorizing issue of stock.)

Newland and Ashburn, for applicant

ORIGINAL

BY THE COMMISSION:

O P I N I O N

Los Angeles Compress & Warehouse Co. in this application asks permission to issue and sell at par \$750,000.00 of its common capital stock divided into 7500 shares of the par value of \$100. each for the purpose of acquiring and constructing cotton compress and warehouse facilities and operating the same.

The Los Angeles Compress & Warehouse Co. filed its Articles of Incorporation with the Secretary of State on July 1, 1927. It has an authorized capital stock of \$750,000.00.

It is of record that applicant's incorporators, other than A. W. Ashburn, its attorney, are engaged in the business in the City of Los Angeles, as cotton merchants and constitute eight out of eleven members of the Los Angeles Cotton Exchange. It appears that they handle, and for some years past have handled, more than two thirds of the cotton which has passed through the Port of Los Angeles, and during the past season more than eighty percent of the cotton which passed through the port of Los Angeles. They have agreed among themselves that they will, so long as they may be stockholders of applicant corporation, cause their cotton passing through the City of Los Angeles (except such as might be purchased when or in storage in Los Angeles) to be stored and/or compressed in the plant which applicant proposes to construct and operate.

The parties interested in organizing applicant corporation other than A. W. Ashburn, are Walter J. Simpson, J. G. Boswell Company,

Howard and Grigsby, M. G. Scott, L. Gordon White, Mauldin and Company, G. S. Atkinson and Anderson, Clayton and Company. They have jointly agreed to provide applicant with \$260,000. for initial capital. One half (\$130,000.) has heretofore been paid to A. H. Lamberth, Walter J. Simpson and M. G. Scott as trustees. They have taken possession of the Municipal Cotton Compress and Warehouse No. 1 of the City of Los Angeles for the benefit of applicant corporation, and have expended, according to the petition herein, \$4,036.35 of the \$130,000. on account of the purchase price of a new cotton compress and other expenses incident to the organization of applicant corporation. Upon the delivery to the trustees of \$130,000. of stock of and by applicant, the trustees will deliver to applicant whatever cash they may then have on hand and such properties as they may have acquired, provided applicant assume the obligations which the trustee may have incurred in connection with the acquisition of property for the benefit of applicant.

The petition shows (Exhibit No. 5) that the City of Los Angeles has agreed to grant to applicant a thirty year permit to occupy a 10.16 acre parcel of land lying northerly of 22nd Street and adjacent on the east to the line of the Outer Harbor Dock and Wharf Company, such property now being known as Municipal Cotton Compress and Warehouse No. 1. This property has been rented to the trustees at a rental of one cent per square foot per annum. The city further agrees to open negotiations at once with the Outer Harbor Dock and Wharf Company for the purpose of securing, if possible, an additional ten acres of land lying westerly of said 10.16 acres mentioned above, which if secured, the city agrees to fill to the established grade and rent to the company on the same basis as the 10.16 acre parcel. If the city should fail to secure such additional ten acres of land, upon terms agreeable to it on or before September 1, 1927, then the city agrees that it will remove to another location on city land on Los Angeles harbor the Webb Steam Press which the company intends to erect at the 22nd Street site and will assume the cost of such removal up to and including the sum of \$15,000.

Applicant reports that it will not be able to construct its new warehouse and have the same ready for use to take care of the coming season's cotton storage. It has submitted neither plans nor specifications nor an estimated cost of its new warehouse. It intends, however, to undertake such construction immediately upon the close of the coming cotton season. During this season it will conduct its business in the present sheds located upon the property mentioned. It will, however, acquire and install a new compress, and asks permission to use the \$130,000. which has been paid to the trustees for the purpose of purchasing and installing its new cotton compress and acquire other properties necessary to undertake its business and provide itself with working capital. It is obvious that this Commission cannot authorize applicant to issue \$750,000. of stock until furnished with a detailed statement showing the purposes for which the proceeds obtained from the sale of such stock are to be expended. We believe that the company should at this time be permitted to issue \$130,000. of its common capital stock. Upon the filing of a supplemental application containing detailed plans and specifications and an estimate of the cost of applicant's warehouse and other properties, except such as are mentioned in the order herein, the Commission will give further consideration to authorizing applicant to issue additional stock.

ORDER

Los Angeles Compress & Warehouse Co., Inc., having asked permission to issue \$750,000.00 of its common capital stock and the Commission having considered such request and being of the opinion that this is a matter in which a public hearing is not necessary, insofar as the issue of \$130,000. of stock is concerned, and that applicant should be permitted to issue said \$130,000. of stock, 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 to the extent indicated in this order, therefore,

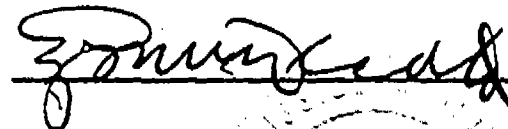

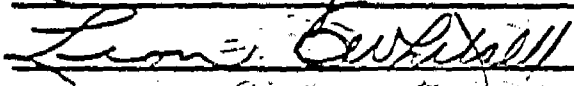
IT IS HEREBY ORDERED that the Los Angeles Compress & Warehouse Co. be, and it is hereby, authorized to issue and sell on or before October 1, 1927 at not less than par, \$130,000. par value of its common capital stock and use the proceeds for the following purposes:-

Cost of compress machinery	\$35,671.7
Cost of boilers	16,825.7
Installing compress and boilers	7,502.
Organization and legal expenses	4,000.
Automobiles	2,100.
Stationery supplies and office furniture	1,600.
Working capital including rent and salaries pending collection of storage and other charges	62,300.
Total.....	<u>\$130,000.</u>

Any proceeds not needed for the aforementioned purposes may be expended only for such purposes as the Commission may hereafter authorize by supplemental order or orders.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof and that the Los Angeles Compress & Warehouse Co. 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 13th day of July, 1927.

Commissioners.