

LBM.

Decision No. 20796.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
MARIAN MILLING COMPANY )  
for an order authorizing the execu- )  
tion of notes and trust deeds se- )  
curing the same, in refunding cor- )  
porate indebtedness. )

ORIGINAL

Application No. 15284

Thomas C. Ridgway, for applicant.

BY THE COMMISSION:

OPINION

In this proceeding the Railroad Commission is asked to make its order authorizing Marian Milling Company to execute two deeds of trust and to issue its promissory notes, secured thereby, in the aggregate amount of \$35,000.00, for the purpose of refunding outstanding indebtedness.

The application shows that Marian Milling Company is engaged in the business of cleaning beans and of conducting a warehouse at Reseda, Los Angeles County, for the storage of beans and other merchandise. The corporation was organized in June, 1918, and by Decision No. 6222, dated March 26, 1919 (Vol.16, Opinions and Orders of the Railroad Commission of California, page 596) was authorized to issue all of its authorized capital stock of \$50,000.00. It appears, however, that pursuant to the authority granted, only \$11,260.00 of stock was issued prior to the expiration of the authority granted in such decision, and that of the amount issued,

\$6,230.00 thereafter was reacquired by the corporation, leaving \$5,030. of stock now outstanding in the hands of the public. This stock was reported held on December 31, 1927, as follows:-

Bruce R. Wallace . . . . .	\$2,500.
L. M. Bryant . . . . .	2,500.
L. C. Ridgway . . . . .	10.
F. J. Deaux . . . . .	10.
C. B. Sears . . . . .	<u>10.</u>
Total.....	<u>\$5,030.</u>

The application shows that in 1920 the then manager of the company disappeared, leaving it heavily in debt and threatened with bankruptcy, the testimony herein indicating that in excess of \$60,000. was owing various creditors at that time, part of which represented moneys borrowed to pay running expenses and part represented moneys due growers for goods received by the company. It appears that applicant's property immediately was attached in a suit brought by the San Fernando National Bank and that thereafter the unsecured creditors, in order to save applicant from bankruptcy, appointed a committee to take over its affairs. This committee succeeded in borrowing \$25,000.00 from various banks, which was used to meet pressing obligations, and which was secured by a first mortgage on applicant's properties.

The \$25,000.00 indebtedness is still outstanding. The unsecured claims, however, have been paid in part, \$27,566.16 remaining due on September 8, 1928. It is reported that arrangements have been made whereby the present stockholders will assign their stock to W. E. Hanly, C. P. Cocks and P. J. Deaux, who have agreed to pay \$5,000.00 in cash to reduce the outstanding indebtedness and to have the balance refunded by applicant executing its notes in the aggregate amount of \$35,000.00, secured by two separate deeds of trust on its properties. The \$5,000.00 in cash will be used to pay \$2,500.00

of the present secured indebtedness of \$25,000.00 and \$2,500.00 of the unsecured obligations. Of the moneys obtained through the execution of the deeds of trust, \$22,500.00, which will constitute a first lien on the properties, will be used to refund the balance of the secured indebtedness and \$12,500.00, which will be a second lien, will be pro-rated, by agreement, among the unsecured creditors in final settlement of their claims, so that following the completion of this proposed transaction, applicant will have outstanding \$5,030.00 of stock and \$35,000.00 of notes payable. The testimony in this connection, it should be observed, indicates that applicant should be in a position to meet its obligations under the two proposed instruments.

The first deed of trust, filed as Exhibit "B", will be executed to Los Angeles Trust & Safe Deposit Company, Trustee, and will secure the payment of the following notes:-

1. Note to California Bank for \$13,500., with interest at seven percent per annum, payable quarterly, principal payable in the following installments:

January 1, 1929.....	\$ 600
January 1, 1930 .....	1,200
January 1, 1931.....	1,800
January 1, 1932.....	1,800
January 1, 1933.....	7,500

2. Note to Los Angeles First National Trust & Savings Bank for \$4,000, with interest at seven percent per annum payable quarterly, principal payable in the following installments;-

January 1, 1929 .....	\$ 400
January 1, 1930.....	1,200
January 1, 1931 .....	1,200
January 1, 1932 .....	1,200

3. Note to Los Angeles- First National Trust & Savings Bank for \$5,000 with interest at seven percent per annum payable quarterly, principal payable on or before January 1, 1933.

The second deed of trust, filed as Exhibit "C", will be executed to Los Angeles- First National Trust & Savings Bank and will secure the payment of a seven percent note in the principal amount of \$12,500.00 payable to Fred W. Prince and Lewis E. Bliss, trustees, on or before January 31, 1933.

The two instruments appear to be in satisfactory form.

#### O R D E R

Marian Milling Company having applied to the Railroad Commission for authority to execute deeds of trust and to issue notes, a public hearing having been held before Examiner Williams and the Railroad Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the execution of the deeds of trust and the issue of the notes, is reasonably required by applicant,

IT IS HEREBY ORDERED that Marian Milling Company be, and it hereby is, authorized to execute a deed of trust substantially in the same form as that filed as Exhibit "B", and to issue its three seven percent promissory notes, secured thereby, in the aggregate amount of \$22,500.00 payable as indicated in the foregoing opinion, and to use the proceeds received through the issue of said notes to pay in part its outstanding mortgage indebtedness.

IT IS HEREBY FURTHER ORDERED that Marian Milling Company be, and it hereby is, authorized to execute a deed of trust substantially in the same form as that filed as Exhibit "C" and to issue its seven percent promissory note secured thereby in the principal amount of \$12,500.00 payable on or before January 31, 1933, and to use the

proceeds received through the issue of said note to pay in part its outstanding unsecured indebtedness.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the following conditions;-

1. The authority herein granted to execute deeds 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 said deeds of trust as to such other legal requirements to which they may be subject.

2. Applicant shall keep such record of the issue of the notes herein authorized and of the disposition of the proceeds as will enable it to file verified reports, 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 will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Thirty-five (\$35.00) Dollars.

DATED at San Francisco, California, this 1<sup>st</sup> day of February, 1929.

David L. Lewis  
Ch. Seawing  
Ernest  
Leon Whipple

Commissioners.

RAILROAD COMMISSION  
SAN FRANCISCO  
Fee \$35.00  
FEB 20 1929  
Alm...  
Ex. No. 1221