

Decision No. 21946

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 LOS ANGELES COMPRESS & WAREHOUSE CO.)
 for an order authorizing the issue of)
 stock.)

Application No. 13917

Newlin & Ashburn, by T. C. McNamee,
 for applicant.

BY THE COMMISSION:

FOURTH SUPPLEMENTAL OPINION AND ORDER

In a supplemental petition in this proceeding filed on November 21, 1929, Los Angeles Compress & Warehouse Co. asks permission to issue \$65,700.00 of its common capital stock as a stock dividend.

Los Angeles Compress & Warehouse Co. is engaged in the operation of a cotton compress and warehouse situate on the harbor in the City of Los Angeles. The company has an authorized stock issue of \$750,000.00, all of which is common stock.

Heretofore, the Commission has authorized the company to issue at not less than par, \$520,000.00 of its stock to finance the cost of acquiring, constructing and equipping its plants and properties for the warehousing and compressing of cotton, and to provide itself with working capital.

The balance sheet following indicates that up to October 31, 1929 the company issued \$420,000.00 of its stock and that it had subscriptions for the remaining \$100,000.00 of stock,

the issue of which the Commission has heretofore authorized.

The company as of October 31, 1929, reports assets and liabilities as follows:

ASSETS

Current assets.....		\$ 98,346.11
Cash on hand and in banks.....	\$ 25,507.61	
Accounts receivable.....	35,340.40	
Inventory materials and supplies.....	<u>37,498.10</u>	
Fixed assets.....		709,315.09
Buildings and structures.....	521,200.61	
Equipment.....	116,351.98	
Furniture and fixtures.....	2,119.45	
Automobile trucks.....	<u>13,208.93</u>	
Subtotal.....	652,880.97	
Less reserve for depreciation.....	<u>45,965.88</u>	
Balance.....	606,915.09	
Remainder due on construction contract.....		102,400.00
Deferred assets:		
Insurance, rents, etc.....		<u>3,180.05</u>
Total Assets.....		<u>\$810,841.25</u>

LIABILITIES

Current liabilities.....		\$202,438.43
Notes payable.....	\$100,000.00	
Balance due under construction contract.....	102,400.00	
Wages payable.....	38.43	
Reserves for Federal, state and county taxes.....		14,493.96
Common stock outstanding.....		420,000.00
Common stock subscribed for.....		100,000.00
Surplus.....		<u>73,908.86</u>
Total Liabilities.....		<u>\$810,841.25</u>

The record in this proceeding shows that the company has invested its surplus in its properties and that it actually used \$65,700.00 of such surplus to pay part of the cost of its warehouse No. 2, press room and compress under construction on October 31st.

We are satisfied from the testimony submitted at the hearing had before Examiner Fankhauser that the company has had surplus earnings equal in amount to the \$65,700.00 of stock which the company asks permission to issue and distribute as a dividend, and that such surplus has been invested in its properties and that the company's treasury has not been reimbursed because of the investment of such

earnings through the issue of securities. It therefore occurs to us that applicant may be permitted at this time to issue \$65,700.00 par value of its common capital stock to reimburse its treasury. After the reimbursement of its treasury, the stock may be, so far as this Commission is concerned, distributed to its stockholders as a stock dividend.

We are of the opinion that the money, property or labor to be procured or paid for through the issue of the \$65,700.00 of stock is reasonably required for the purpose specified herein, which purpose is not, in whole or in part, reasonably chargeable to operating expense or to income, therefore

IT IS HEREBY ORDERED that Los Angeles Compress & Warehouse Co. be, and it hereby is, authorized to issue at par, on or before March 1, 1930, \$65,700.00 of its common capital stock to reimburse its treasury because of surplus earnings invested in its properties.

The authority herein granted is subject to the following conditions:

1. After the reimbursement of its treasury, applicant may distribute the \$65,700.00 of stock, as required and permitted by law to its stockholders as a stock dividend.

2. Applicant shall keep such record of the issue of the stock herein authorized as to 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.

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

DATED at San Francisco, California, this 27¹² day of December, 1929.

Thos B. Smith

C. Deane

Edmunds

M. J. Lee

Commissioners.