

LBM

Decision No. 22091.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
YOSEMITE PARK AND CURRY CO.,)
a corporation, for an order of the)
Railroad Commission of the State of)
California, authorizing the issue of)
securities.)

ORIGINAL

Application No. 16173

Brobeck, Phleger & Harrison, by T.R. Meyer,
for applicant.

BY THE COMMISSION:

O P I N I O N

Yosemite Park and Curry Co. asks the Commission to enter its order authorizing applicant to issue \$800,000.00 face value of six percent 15-year debentures; to issue \$2,000,000.00 of interim receipts representing common stock, and to distribute \$2,000,000.00 of common stock to the holders of the interim receipts, all upon the terms and conditions of the reorganization agreement filed in this proceeding as Exhibit "C".

The Yosemite Park and Curry Co. is a corporation organized and existing under and by virtue of the laws of the State of California. Applicant is engaged, among other things, in the operation of automobile stage lines for the transportation of persons, baggage and express between various points in the State of California. It has an authorized stock issue of

\$3,250,000.00 divided into 250,000 shares of preferred and 400,000 shares of common; all of the par value of \$5.00 per share. Of applicant's preferred stock, 156,000 shares aggregating \$780,000. par value, and of applicant's common stock, 400,000 shares aggregating \$2,000,000.00 par value, are now issued and outstanding. The company's preferred stock carries a cumulative dividend of six per cent per annum, and is subject to redemption at the option of the company upon the payment of the par value thereof, the accumulated and unpaid dividends and a premium of 12-1/2 cents per share.

As of September 30, 1929 the company in Exhibit "A" reports its assets and liabilities as follows:-

<u>A S S E T S</u>		
<u>CURRENT ASSETS:</u>		\$ 255,764.51
Cash	\$ 61,241.39	
Accounts receivable	58,380.93	
Inventories	<u>136,202.19</u>	
<u>LIFE INSURANCE POLICIES:</u>		
Cash or loan value		12,926.00
<u>STOCK</u>		
Yosemite National Park Company		14,645.83
<u>FIXED ASSETS:</u>		
Fixed property investment		3,231,697.03
Buildings and improvements	3,393,825.49	
Equipment, machinery & furniture	<u>1,879,830.33</u>	
	5,273,655.82	
LESS: reserve for depreciation	<u>2,058,041.65</u>	
	3,215,614.17	
New work in progress	<u>16,082.86</u>	
<u>FRANCHISES</u>		88,420.65
Cost	188,420.65	
LESS: Amortized	<u>100,000.00</u>	
<u>DEFERRED CHARGES:</u>		47,545.54
Insurance paid in advance	\$ 36,348.89	
Taxes and licenses	6,334.56	
Linen stock	1,682.72	
Work orders in progress	3,157.37	
Other	<u>22.00</u>	
<u>TOTAL ASSETS.....</u>		<u>\$3,650,999.56</u>

L I A B I L I T I E S

<u>CURRENT LIABILITIES:</u>		
<u>ACCOUNTS AND NOTES PAYABLE:</u>		\$189,637.02
Vouchers payable	\$75,335.04	
Accrued payroll	47,034.93	
Unpresented tickets and coupons	2,480.67	
Consignment liability	3,997.19	
Other	13,978.18	
Provision for Federal Income Tax	<u>46,811.01</u>	
<u>FIXED LIABILITIES:</u>		
<u>LONG TERM OBLIGATIONS:</u>		78,520.93
Notes payable-Horseshoe purchase	50,000.00	
Contract covering Standard Oil Stations	<u>28,520.93</u>	
<u>RESERVES:</u>		
For overhauling autos, etc.		27,170.93
<u>NET WORTH:</u>		
<u>CAPITAL STOCK:</u>		2,780,000.00
Preferred stock	780,000.00	
Common stock	<u>2,000,000.00</u>	
<u>SURPLUS</u>		575,670.68
<u>TOTAL LIABILITIES AND NET WORTH</u>		<u>\$3,650,999.56</u>

As stated, the Yosemite Park and Curry Co. has outstanding \$2,000,000.00 of common and \$780,000.00 of six percent cumulative preferred stock. \$1,000,000.00 of the common stock is owned by the Curry Camping Co. and \$1,000,000.00 by the Yosemite National Park Co. The preferred stock (\$780,000.) is owned by the Yosemite Park and Curry Co. of Nevada.

It appears from the record in this proceeding that the Yosemite Park and Curry Co. was organized by the consolidation of the properties and business of the Yosemite National Park Co. and Curry Camping Co. At the time of the consolidation it was agreed that the control of the Yosemite Park and Curry Co. would be vested equally in the Yosemite National Park Co. and Curry Camping Co. and that the Yosemite Park and Curry Co. would issue its capital stock to the two companies in an amount equal to the value of their proposed assets. It developed that the value of

the assets of the Yosemite National Park Co. exceeded those of Curry Camping Co. by the amount of \$780,000.00. It was thereupon arranged to issue \$780,000.00 of preferred stock in payment for part of the assets of the Yosemite National Park Co. In order, however, to retain the equal voting rights between Yosemite National Park Co. and Curry Camping Co. the \$780,000.00 of stock was issued to the Yosemite Park and Curry Co. of Nevada, which in turn issued 5,000 shares of its common stock of no par value to the Curry Camping Co., to whom was issued \$1,000,000.00 of the common stock of Yosemite Park and Curry Co. and which in turn was controlled through stock ownership by The Curry Camping Company, and 5,000 shares to the Yosemite National Park Co. In addition, the Nevada Company issued \$780,000.00 of preferred stock having no voting rights, to the Yosemite National Park Co. It was in this manner that the equality of control was maintained. The testimony shows that the stock of the Yosemite National Park Co. is held by approximately 200 individuals, while the stock of The Curry Camping Company is held by five or six individuals. It is the purpose of the reorganization plan to dissolve Curry Camping Co., The Curry Camping Company, the Yosemite Park and Curry Co of Nevada and the Yosemite National Park Co., with the result that after the reorganization is completed, the Yosemite Park and Curry Co. will be controlled directly by the stockholders of the Yosemite National Park Co. and The Curry Camping Company, and not by such stockholders through the corporations mentioned.

It appears that the parties in interest are still concerned with the maintenance of equal control being vested in the stockholders of Yosemite National Park Co. and in the stockholders of The Curry Camping Company. To issue to the Yosemite National Park Co. or its stockholders preferred stock in the amount of \$780,000.00 would result in giving that company or its stockholders a voting right in excess of the rights of the stockholders of The Curry Camping Company. To avoid this situation it has been con-

cluded to issue to the stockholders of the Yosemite National Park Co. \$780,000.00 of six percent 15-year debentures in exchange for the \$780,000.00 of preferred stock of the Yosemite Park and Curry Co. and to issue in addition \$20,000.00 of the debentures in payment for assets which the Yosemite National Park Co. upon its dissolution will transfer to the Yosemite Park and Curry Co.

The debentures are to be issued under an indenture to be executed to the American Trust Company. They will be a lien on 20.661 acres of land which is now the property of the Yosemite National Park Co. but which, upon the reorganization, will become the property of the Yosemite Park and Curry Co. The indenture will not be a lien on any other property of the Yosemite Park and Curry Co. The company obligates itself, beginning in 1931, to pay to the trustee annually \$100,000.00 for the purpose of paying the interest on the \$300,000.00 of debentures and to buy and redeem such debentures. It is estimated that the annual sinking fund payment will be adequate to pay all of the debentures prior to maturity. They are payable at the option of the company at par.

Financial statements on file with the Commission and the testimony show that the earnings of the Yosemite Park and Curry Co. are adequate to pay the interest on the debentures and to take care of the sinking fund payments, although such sinking fund payments need not be made out of the income of the company.

It is of record that all of the stockholders of The Curry Camping Company have already signed or agreed to sign the reorganization agreement, and that the holders of over 60 percent of the Yosemite National Park Co. stock have consented to the reorganization plan, although under its terms the plan can be declared operative if the holders of 50 percent of the stock sign the reorganization agreement. It is believed that all the stockholders of that company will give their consent to the reorganization. Ordinarily

the Commission would not permit the substitution of the debentures for preferred stock. In this instance, however, it appears that the company is and will be able to meet any obligation that it assumes through the issue of the debentures, that the debentures are callable at par, at the option of the company, that they are being issued primarily because of the fact that under the laws of this state preferred stock cannot be issued without voting rights, and that applicant's investment in non-public utility properties greatly exceeds its investment in public utility properties. It further appears from the record that the dissolution of the four holding companies will simplify the accounting and financial management of the Yosemite Park and Curry Co.

Under the plan Yosemite Park and Curry Co. will issue to the holders of the stock of The Curry Camping Company, interim receipts for \$1,000,000.00 in aggregate par value in proportion to their holdings, solely in exchange for all of the outstanding stock of that company. There will likewise be issued by Yosemite Park and Curry Co. the \$800,000.00 of debentures and interim receipts for \$1,000,000.00 in aggregate par value to the individual stockholders owning stock of the Yosemite National Park Co. in proportion to their holdings solely in exchange for all the outstanding stock of the Yosemite National Park Co. In lieu of interim receipts for fractional shares, fractional warrants shall be issued to the individual stockholders which, when combined so as to aggregate one or more shares, shall entitle the holders thereof to receive the number of shares represented thereby. In lieu of fractional debentures, fractional warrants shall be issued to the individual stockholders holding stock of the Yosemite National Park Co., which, when combined so as to aggregate one or more debentures, shall entitle the holders thereof to receive the number of debentures represented thereby.

After the completion of the reorganization and the acquisition by the operating company, Yosemite Park and Curry Co., of its own outstanding stock, that stock will be distributed to the holders of the interim receipts.

No one appeared at the hearing to protest the granting of the application.

O R D E R

Yosemite Park and Curry Co. having asked permission to issue interim receipts representing \$2,000,000.00 of common stock, and to distribute \$2,000,000.00 of common stock in exchange for the interim receipts, to issue \$800,000.00 of debentures, and to execute a debenture agreement, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of said debentures and interim receipts and the distribution of stock, referred to in this application, is reasonably necessary and that the expenditures are not in whole or in part reasonably chargeable to operating expense or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED as follows:-

1. Yosemite Park and Curry Co. may, on or before September 30, 1930, issue interim receipts for \$2,000,000.00 of the aggregate par value of its common stock upon the terms and conditions set

forth in Exhibit "C" filed in this proceeding.

2. Yosemite Park and Curry Co. may, on or before September 30, 1930, distribute \$2,000,000.00 of par value of its common stock to the holders of the aforesaid interim receipts, such distribution to be made pursuant to the terms and conditions set forth in Exhibit "C".
3. Yosemite Park and Curry Co. may execute a trust indenture substantially in the same form as the trust indenture filed in this proceeding as Exhibit No. 2, provided that the authority herein granted to execute said trust indenture 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 trust indenture as to such other legal requirements to which said trust indenture may be subject.
4. Yosemite Park and Curry Co. may, on or before September 30, 1930, issue \$800,000.00 in the aggregate principal amount of six percent 15-year debentures, such debentures to be issued upon the terms and conditions set forth in Exhibit "C".
5. The authority herein granted will become effective when Yosemite Park and Curry Co. has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Eight Hundred (\$800.00) Dollars.
6. On or before September 30, 1930, Yosemite Park and Curry Co. shall file with the Railroad Commission a report showing to whom the said \$800,000.00 of debentures and the said \$2,000,000.00 of interim receipts have been issued

and to whom the \$2,000,000.00 of said common stock
has been distributed.

DATED at San Francisco, California, this 5th day of
~~January~~ *February*, 1930.

C. S. Cannon

Thomas H. Lott

Commissioners.

Fee \$800 ⁰⁰/₁₀₀

RAILROAD COMMISSION
STATE OF CALIFORNIA

[Signature]

FEB 18 1930

RECORDS

Fee# 27534