

Decision No. 22491.**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 STAR AND CRESCENT BOAT CO.,)
 a corporation, for permission to) Application No. 16494
 issue a stock dividend.)

Ralph E. Jenney, for applicant.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Star and Crescent Boat Co. asks permission to issue \$187,000.00 par value of its common capital stock for the purpose of paying a stock dividend.

The Star and Crescent Boat Co. is engaged in the business of operating launches and shore boats in San Diego Harbor, and doing a regular general launch and shore boat business, including some towing. The Commission by Decision No. 14876 dated May 1, 1925, in Application No. 10912, authorized the company to issue \$63,000.00 par value of its common capital stock in payment for certain properties mentioned in the Commission's decision. Since the date of the Commission's decision the company has invested all of its surplus earnings, with the exception of \$8,000.00 which has been paid as a dividend, in its properties. It has issued no additional stock.

The company as of April 1, 1930 reports its assets and liabilities as follows:-

<u>A S S E T S</u>		
Property and equipment:		\$190,010.01
Launches	\$134,556.13	
Wharf equipment, including lighters	40,200.73	
Wharves and buildings	10,197.28	
Leasehold interests 5th St. Pier	584.21	
Automobiles	984.40	
Furniture and fixtures	569.20	
Miscellaneous assets	<u>2,918.06</u>	
Total current assets:		191,052.55
Cash on hand	\$ 11,012.36	
Accounts receivable	101,274.64	
Star and Crescent Oil, Special Acct	71,000.00	
San Diego Marine, Special Account	7,000.00	
Stationery stock	316.09	
Deposit for compensation insurance	225.00	
Miscellaneous accrued income	<u>224.46</u>	
Prepaid accounts		<u>6,833.44</u>
Total assets.....		<u>\$387,896.00</u>
<u>L I A B I L I T I E S</u>		
Stock outstanding		\$ 63,000.00
Notes payable		20,000.00
Audited vouchers and accounts payable		10,215.28
Miscellaneous accounts payable		12,064.49
Agents' tickets outstanding		547.80
Reserve for compensation insurance		631.78
Reserve for depreciation		40,864.29
Undivided surplus Dec. 31, 1929		230,624.78
Net gain for January, February, March, 1930		<u>9,947.58</u>
Total liabilities.....		<u>\$387,896.00</u>

The testimony shows that the accounts receivable reported at \$101,274.64 represent amounts due for services furnished, and that the entire sum is collectible. The testimony further shows that the \$71,000.00 due from the Star and Crescent Oil Company will be paid within the near future and can be paid at any time that applicant has need for the funds represented by such loan.

As stated, applicant has followed the policy of re-investing its earnings in its business rather than paying dividends. Since its organization in 1925 it has paid only \$8,000.00 in dividends, although its surplus earnings or profits for the years have been as follows:-

1925-	6 mos.\$13,193.36
1926	46,721.64
1927	46,254.70
1928	55,560.13
1929	73,432.09

We have considered the record in this proceeding and believe that the company should be permitted to issue \$187,000.00 par value of its common capital stock to reimburse its treasury because of income expended in the acquisition of properties. Upon such reimbursement the stock may be distributed to the company's present stockholders.

It is of record that the outstanding stock of applicant is owned by O. J. Hall and R.J. Chandler and that the issue of the stock referred to in this application is not predicated upon any change in the ownership of the company's stock nor is any change in the management of the company contemplated at this time.

O R D E R

Star and Crescent Boat Co. having applied to the Railroad Commission for permission to issue \$187,000.00 par value of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the stock, is reasonably required by applicant, and that the expenditures herein authorized are not in whole or in part

reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided, therefore,

IT IS HEREBY ORDERED that Star and Crescent Boat Co. be, and it is hereby, authorized to issue on or before July 31, 1930, at not less than par, \$187,000.00 par value of its common capital stock for the purpose of reimbursing its treasury because of income expended in the acquisition of properties and the distribution of such stock to its stockholders as a stock dividend.

IT IS HEREBY FURTHER ORDERED that Star and Crescent Boat Co. shall file with the Commission a report, as required by the Commission's General Order No. 24, which order insofar as applicable, is made a part of this order.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective five days after the date hereof.

DATED at San Francisco, California, this 29th day of July 1930.

Cl. Seaver

Paul S. Lowell

W. J. Linn

Commissioners.