

Decision No. 22615

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
LATHROP HAY AND GRAIN COMPANY)	
of Hollister, California, for an)	Application No. 16572
order authorizing issue of stock.)	

P. G. Sheehy for Applicant.

BY THE COMMISSION:

O P I N I O N

Lathrop Hay and Grain Company in this proceeding asks the Commission to enter its order authorizing applicant to cancel its outstanding certificates of authorized capital stock representing 2,000 shares of the par value of \$50.00 per share, aggregating \$100,000.00, and to issue in exchange therefor 8,000 shares of the par value of \$12.50 per share and aggregating \$100,000.00. In addition, applicant requests permission to issue 2,000 shares of its capital stock of the par value of \$12.50 per share, aggregating \$25,000.00, to reimburse its treasury because of earnings invested in its properties and business.

Lathrop Hay and Grain Company is a corporation organized under the laws of California and is engaged in the business of buying, selling and weighing hay, grain and other commodities throughout Central California and in warehousing hay. Its plants are located at Hollister, California, and at Tres Pinos, California. The record shows that about two percent of the company's operating revenue for

the year ending May 31, 1930 was obtained from public utility storage business. The gross business of the company for the year aggregated \$597,849.12, which includes storage business in the amount of \$13,762.52.

As of May 1, 1930, applicant reports its assets and liabilities as follows:

ASSETS

Plant and equipment.....	\$212,529.73
Current assets.....	224,992.71
Cash.....	\$ 4,928.98
Accounts receivable.....	118,545.93
Notes receivable.....	10,588.16
Contracts receivable.....	5,666.66
Inventories.....	84,977.91
Miscellaneous accounts.....	285.07
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Total Assets.....	<u>\$437,522.44</u>

LIABILITIES

Capital stock outstanding.....	\$100,000.00
Premium on capital stock.....	47,485.00
Current liabilities.....	147,306.82
Accounts payable.....	\$ 21,735.25
Notes payable.....	120,420.00
Reserve for taxes.....	1,349.07
Purchase contract.....	3,230.00
Subscriptions account.....	572.50
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Reserve for depreciation.....	54,211.15
Unrealized profit-warehouse sale.....	3,020.00
Appreciation of property.....	20,319.67
Earned surplus.....	65,179.80
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Total Liabilities.....	<u>\$437,522.44</u>

Testimony shows that the company's surplus of \$65,179.80 represents earnings which it invested in its business. It further shows that the company has made adequate allowance for uncollectible accounts and for depreciation.

The record shows that the outstanding stock of Lathrop Hay and Grain Company is owned by sixty-eight stockholders. The control of the company does not rest with any one stockholder. It appears that the stockholder owning the largest number of shares owns about 8-1/2 percent of the company's outstanding stock. Applicant's

officers believe that its business can be increased and stabilized by a wider distribution of its stock amongst its patrons. This they believe can be accomplished by dividing the shares of stock of applicant into smaller units and thereby reducing the market value per share.

The record in this proceeding we believe warrants the granting of this application.

ORDER

Lathrop Hay and Grain Company having asked permission to issue stock, 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 the stock herein authorized 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 as follows:

(1) Lathrop Hay and Grain Company may, on or before September 1, 1930, cancel its outstanding certificates of capital stock representing 2,000 shares of the par value of \$50.00 per share and issue in exchange therefor, but not otherwise, 8,000 shares of a par value of \$12.50 per share.

(2) Lathrop Hay and Grain Company may, on or before September 1, 1930, issue at not less than par 2,000 shares of its capital stock of the par value of \$12.50 per share, or \$25,000.00 par value in the aggregate, to reimburse its treasury because of surplus earnings invested in its properties and business and may thereafter distribute such stock, in accordance with the law relating to such distribution, to its stockholders as a stock dividend.

(3) On or before October 1, 1930, Lathrop Hay and Grain Company shall file with the Commission a report such as is required by the Commission's General Order No. 24, which order, insofar as applicable, is made a part of this order.

(4) The authority herein granted will become effective upon the date hereof.

DATED at San Francisco, California, this 1st day
of July, 1930.

C. J. Lathrop
Wm. H. Lathrop
Wm. H. Lathrop

Commissioners.