

LEM

Decision No. 24456

ORIGINAL

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.)

Application No. 17918

Brobeck, Phleger & Harrison,
for applicant.

BY THE COMMISSION:

O P I N I O N

Yosemite Park and Curry Co. has applied to the Railroad Commission for permission to issue 59,424.20 shares of its six percent preferred stock of the aggregate par value of \$297,121.00, in exchange for 55,524 of common stock, now outstanding, of the aggregate par value of \$277,620.00.

It appears that Yosemite Park and Curry Co. is a corporation organized under the laws of the State of California on or about October 15, 1925. The amount of the capital stock of the company is \$3,250,000.00, divided into 650,000 shares of the par value of \$5.00 each, classified into 400,000 shares of common stock and 250,000 shares of six percent cumulative preferred stock. The Articles of Incorporation read in part as follows:

"That at any time or times within seven (7) years from the date of the issuance of the certificate of incorporation of this corporation, Mrs. D. A. Curry, Don Tresidder, Mrs. Don Tresidder, R. T. Williams and Mrs. R. T. Williams, shall each have the right and option, respectively, to surrender for cancellation his or her shares, if any, of the common stock of this corporation and have issued in lieu thereof un-issued shares of the preferred stock of this corporation according to the basis of exchange hereinafter specified; provided, however, that no person receiving compensation for services performed for this corporation shall be entitled to exercise the said right or option to convert while he or she shall be so receiving compensation; and provided, further, that Mrs. Don Tresidder, so long as Don Tresidder shall be receiving such compensation, shall only be entitled so to convert a number of shares of her said stock not exceeding one-half of the total number of common shares then held in the aggregate by her and/or Don Tresidder; and Mrs. R. T. Williams, so long as R. T. Williams shall be receiving such compensation, shall only be entitled so to convert a number of shares of her said stock not exceeding one-half of the total number of common shares then held in the aggregate by her and/or R. T. Williams.

That upon any conversion hereunder the preferred stock to be received by the person entitled to the conversion right shall be accepted at its par value and the value per share of the common stock to be surrendered by such person in exchange therefor shall be determined at the time of such exchange by dividing the actual net book value of the assets of this corporation over its liabilities and over the par value of the preferred stock and the accrued and unpaid dividends thereon (not including the preferred stock to be issued in exchange) by the total number of outstanding shares of common stock (including the common shares to be surrendered in exchange)."

It now is reported that as of October 1, 1931 Mr. R. T. Williams and Marjorie Curry Williams (referred to as Mrs. R. T. Williams in the Articles of Incorporation) have notified the corporation that they desire to surrender for conversion 55,524 shares of common stock of the aggregate par value of \$277,620.00, of which 13,001 shares are owned by R. T. Williams and 42,523 shares by Marjorie Curry Williams, and to have issued to them in lieu thereof shares of preferred stock on the basis of exchange specified.

As of October 1, 1931 applicant reported outstanding 400,000 shares of common stock, with no preferred shares, and a total net worth of \$2,140,486.90, indicating a value per share of common stock slightly in excess of \$5.35. On the basis of preferred stock at \$5.00 a share for common stock at the indicated net book value as of October 1, 1931, there would be required for the exchange 59,424.20 shares of preferred stock of the total par value of \$297,121.00, resulting in an increase in the capitalization of \$19,501.00.

Heretofore the company has filed its financial statements showing its assets and liabilities as of September 30, 1931, as follows:

<u>A S S E T S</u>		
Fixed capital	\$5,371,987.56	
Less-depreciation reserve.....	<u>2,931,358.49</u>	\$2,440,629.07
Franchises		36,317.54
Stocks and bonds		40,300.00
<u>Current assets:</u>		
Cash	261,359.96	
Accounts receivable	69,991.00	
Inventories.....	<u>132,130.18</u>	463,481.14
Deferred charges		<u>74,208.45</u>
TOTAL ASSETS.....		<u>\$3,054,936.20</u>
<u>L I A B I L I T I E S</u>		
<u>Long term liabilities:</u>		
Debentures due 1945.....	\$ 800,000.00	
Standard Oil contract.....	<u>26,857.65</u>	\$ 826,857.65
<u>Current liabilities:</u>		
Accounts payable.....	\$ 57,275.31	
Accrued interest	12,000.00	
Unpresented tickets.....	7,702.57	
Other	<u>6,064.99</u>	83,042.87
Reserve other than depreciation.....		4,548.78
<u>Net worth:</u>		
Common stock- 400,000 shares.....	\$2,000,000.00	
Surplus	<u>140,486.90</u>	<u>2,140,486.90</u>
TOTAL LIABILITIES.....		<u>\$3,054,936.20</u>

All of the company's outstanding stock was issued under authority granted by the Commission in Decision No. 22091, dated February 5, 1930.

It appears that applicant has had surplus earnings from the operation of its business and that such surplus earnings are represented in its assets. It therefore seems to us that because of these surplus earnings and because of the company's financial position, as indicated by its balance sheet, that an order permitting the increased capitalization resulting from the exchange of stocks as here proposed, may be entered. We believe, however, that the amount of the increase, that is, the \$19,501.00, should be charged by the company to its corporate surplus in recording the transaction on its books of account.

The order herein will so provide:

O R D E R

Yosemite Park and Curry Co. having applied to the Railroad Commission for permission to issue 59,424.20 shares of preferred stock, and the Railroad Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for through the issue of such 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,

IT IS HEREBY ORDERED, that Yosemite Park and Curry Co. be, and it hereby is, authorized to issue, on or before July 1, 1932, 59,424.20 shares of its preferred stock, of the aggregate par value of \$297,121.00, in exchange for 55,524 shares of common stock now outstanding, of the aggregate par value of \$277,620.00, provided,

1. That the 55,524 shares of common stock be returned to applicant's treasury and cancelled; and

2. That the difference between the par value of the preferred stock issued by, and the par value of the common stock returned to, applicant, be charged by applicant to its corporate surplus account; and
3. That applicant keep such record of the issue of the stock herein authorized as will enable it to file within thirty(30) 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.

IT IS HEREBY FURTHER ORDERED, that the authority herein granted shall become effective twenty(20) days from the date hereof.

DATED at San Francisco, California, this 8th day of February, 1932.

C. C. Weaver
Leon Whitely
W. J. Cain
M. B. Harris
Fred G. Stewart.
Commissioners.