

LBM

Decision No. 24625.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
COOK McFARLAND COMPANY)
for order authorizing amortization)
of mortgage and notes to facilitate)
business and obviate necessity of)
renewals.)

Application No. 18020

BY THE COMMISSION:

OPINION AND ORDER

In this application Cook Mc Farland Company asks the Railroad Commission to make an order approving the execution of a note and mortgage(deed of trust) in the principal amount of \$82,500.00 and the issue of an unsecured note in the principal amount of \$16,270.74.

It appears that Cook McFarland Company, among other things, is engaged in operating a public utility warehouse business at #915 Mateo Street, Los Angeles. On January 1, 1928 it purchased at a cost of \$123,108.34, a two story Class "A" reinforced concrete building at that location, and in doing so assumed the payment of a mortgage on the building in the amount of \$67,500.00 and issued other notes in the total amount of \$56,500.00. It appears that from time to time the properties were refinanced by the company and renewal notes issued. On July 24, 1931 the company issued a renewal note for \$82,500.00 payable in monthly installments of \$750.00 with interest at seven percent, and

executed a deed of trust to secure the payment of the note. On November 4, 1931 it issued an unsecured six percent renewal note for \$16,270.74.

The Commission did not authorize the company to execute a deed of trust or to issue renewal notes, and in our opinion the action of the company in doing so was contrary to the terms of the Public Utilities Act, and the issues made therefor void. It clearly appears, however, that the failure of the company to secure the permission of the Railroad Commission was through inadvertence and with no intent to evade the provisions of the Act. When its attention was called to the jurisdiction of the Commission, it forthwith filed this application.

We do not believe that we can approve the issues heretofore made. Such issues being void, we believe it will be necessary for the company to execute a new deed of trust and to issue new notes. It appears in this connection, however, that since the filing of the application the note secured by the deed of trust has been reduced to \$78,750.00 and that the unsecured note has been reduced to \$14,500.00. It appears to be applicant's intention to renew the unsecured note at ninety day intervals, with interest at the rate of six percent per annum. The company has filed a copy of the deed of trust to secure the payment of its note, and such instrument appears to be in satisfactory form.

In our opinion a public hearing in this matter is not necessary and that the money, property or labor to be procured or paid for by the issue of the notes 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 Cook McFarland Company be, and it hereby is, authorized to execute a deed of trust substantially in the same form as the deed of trust filed with this Commission on March 22, and to issue a note to be secured by said deed of trust in the principal amount of \$78,750.00 payable in monthly installments of \$750.00 with interest at the rate of seven percent per annum and to issue an unsecured note in the principal amount of \$14,500.00, payable ninety days after date with interest at the rate of six percent per annum, both issues to be for the purpose of paying or refunding outstanding indebtedness of like amount.

IT IS HEREBY FURTHER ORDERED, that Cook McFarland Company be, and it hereby is, authorized to renew the ninety day note for \$14,500.00 or any portion thereof, from time to time, upon maturity, for a total period of not exceeding five years from the date hereof.

The authority herein granted is subject to the following conditions:-

1. Applicant shall keep such record of the notes herein authorized and of the disposition of the proceeds as will enable it to file within thirty days 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.
2. The authority herein granted to execute a deed of trust 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 deed of trust as to such other legal requirements to which said deed of trust may be subject.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is Ninety-four(\$94.00) Dollars.

DATED at San Francisco, California, this 27th day of March, 1932.

C. Sweeney
Leon A. Whidby
M. A. Con
M. B. Harris
Fred G. Stewart
Commissioners.

Fee \$94⁰⁰/₁₀₀
RECEIVED
[Signature]
Fee # 23569