

Decision No. 25504

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
HASLETT WAREHOUSE COMPANY,)
a corporation, for an order authoriz-) Application No. 18558
ing it to issue 612 shares of its)
preferred stock.)

Williamson & Wallace, by W. R. Wallace, Jr.,
for applicant.

BY THE COMMISSION:

O P I N I O N

Haslett Warehouse Company has applied to the Railroad Commission for permission to issue \$61,200.00 of its five percent preferred stock for the purpose of financing the cost of equipment, paying indebtedness and providing working capital.

The application shows that Haslett Warehouse Company is engaged in the operation of a public warehouse business in San Francisco and elsewhere in California, and in Oregon, Utah and Idaho, and in the local drayage business in San Francisco and in other business enterprises, among which is the operation of the public warehouse business and the drayage business formerly conducted by Lawrence Warehouse Company but acquired by applicant pursuant to the authority granted by the Commission by Decision No. 24696, dated April 18, 1932, in Application No. 17934.

The company has outstanding \$100,000. of common stock and \$38,800.00 of preferred stock. It reports its assets and liabilities as of October 31, 1932, as follows:-

A S S E T S

| | |
|--|---------------------|
| Warehouse property and equipment | \$154,155.13 |
| Other property | 71,672.36 |
| Investment in securities | 11,100.00 |
| Cash | 4,781.62 |
| Notes receivable | 6,159.43 |
| Accounts receivable | 180,485.01 |
| Special funds | 2,652.88 |
| Other debit accounts | <u>10,360.40</u> |
| Total assets..... | <u>\$441,366.73</u> |

L I A B I L I T I E S

| | |
|---|---------------------|
| Capital stock | \$138,800.00 |
| Indebtedness due affiliated companies . . . | 24,500.00 |
| Notes payable | 73,450.00 |
| Accounts payable | 57,500.54 |
| Reserve for depreciation | 133,183.64 |
| Other credit accounts | 12,820.32 |
| Profit and loss balance | <u>1,112.23</u> |
| Total liabilities..... | <u>\$441,366.73</u> |

Applicant reports that from June 7, 1930 to and including March 31, 1932 it conducted in the name of Mogan & Co. a local drayage business in San Francisco, and used therein certain equipment owned by Warehouse Investment Company. Since March 31 it has continued to conduct the drayage business in its own name and has retained possession of certain of such equipment, using the same without charge and as part of its own property. The value of said equipment, which includes twelve units of rolling stock, has been appraised as of May 20, 1930, by General Appraisal Company at a replacement/^{new}figure of \$24,232.48 and a depreciated figure of \$17,023.32, all as set forth in a detailed statement filed with the Commission. The balance as of October 31, 1932 of accounts receivable earned in the name of Mogan & Co. between June 7, 1930 and March 31, 1932 is reported at \$3,038.44 and the cash on hand, on October 31, 1932, arising from said business is stated at \$239.80. The accounts payable accrued in the name of Mogan & Co.

between June 7, 1930 and March 31, 1932 is \$1,500.00.

Applicant has agreed to purchase and receive from Warehouse Investment Company the physical equipment referred to and the accounts receivable and cash, and in consideration to pay the sum of \$18,650.06 in cash and to assume the \$1,500.00 of accounts payable. It desires to sell sufficient of the preferred stock covered by this application at par for cash to enable it to make the cash payment of \$18,650.06.

As to the issue of the remaining stock which is the subject of this application, some \$42,550.00, the company reports, among other things, that in acquiring the business of Lawrence Warehouse Company, as of the first of 1932, it did not take over for its own use, the accounts receivable of that company and accordingly it has found it necessary to increase its accounts receivable. Warehouse Investment Company has advanced applicant \$24,500.00 which has been used to finance and carry in part its accounts receivable. For the purpose of paying such advance and providing applicant with additional capital to conduct its business, applicant asks permission to issue at par said \$42,550.00 of preferred stock. A consideration of the testimony given in this matter and an analysis of the company's financial statements indicates that applicant's request to issue stock to provide working capital is not unreasonable.

ORDER

Haslett Warehouse Company having applied to the Railroad Commission for permission to issue 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 such issue is reasonably required for the purposes specified herein, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED, that Haslett Warehouse Company be, and it hereby is, authorized to issue and sell at not less than par, on or before March 31, 1933, \$61,200.00 of its preferred stock for the purpose of financing the cost of equipment, of paying indebtedness and of providing itself with working capital, as set forth in this application and in the preceding opinion, provided,

- (1) That applicant keep such record of the issue of said stock and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month, 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; and
- (2) That the authority herein granted will become effective upon the date hereof.

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

C. L. Seavey
Leon Whidely
W. A. Carr
W. B. Harris
Frederic G. Stewart
Commissioners.