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Decision No. 11048

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application

of the

PITTSBURG SACRAMENTO AUTO FERRY INC.,  
a corporation, for leave to issue  
and sell capital stock.

Application Number 8268.

tum Suden and tum Suden,  
by Peter tum Suden, for Applicant.

MARTIN, COMMISSIONER:

O P I N I O N

In this application the Railroad Commission is asked to make its order authorizing Pittsburg-Sacramento Auto Ferry, Inc. to issue and sell, at not less than par, \$250,000.00 of its common capital stock.

The record shows that applicant was incorporated on or about August 15, 1922 with an authorized capital stock of \$250,000.00, divided into 25,000 shares of the par value of \$10.00 each. The company was formed for the purpose of establishing and operating a passenger, automobile and freight ferry service between Pittsburg, Contra Costa County, and the shore of Solano County at or near the Town of Collinsville.

Aven J. Hanford, applicant's president, testified that there is now, and has been for some time, considerable demand and need by residents and agriculturalists of what is known as the River Islands District, for a permanent and efficient ferry service between Pittsburg and Solano County. The operation and maintenance of a ferry between these two points equipped to transfer trucks and wagons, will, it is said, enable those living in the region around Rio Vista,

Birds Landing and Collinsville to transport their produce to Contra Costa County and to the bay cities more quickly than they can over existing routes, a detour of about twelve miles being saved. In addition, the proposed ferry will provide a shorter route for automobile traffic between Sacramento and San Francisco.

To obtain the money necessary to purchase or build a ferry boat, to acquire lands and rights-of-way and to build wharves, slips and other necessary structures in connection with this proposed business, applicant now asks permission to sell all of its authorized stock. The company estimates that the sum of \$100,000.00 will be necessary to purchase a boat suitable for its needs and that if unable to purchase such a boat, about \$140,000.00 will be needed to build one. It reports that \$20,000.00 will be needed to purchase the land necessary for its terminals and to acquire rights-of-way for roads leading to and from its landings, and that \$40,000.00 must be expended in building wharves, slips, aprons and office buildings.

It appears, however, that applicant's plans as yet are of a tentative nature only and that final arrangements have not been made for the purchase or construction of a boat or for the acquisition of the terminal site on the Solano County shore. For this reason, I believe that the order herein, while authorizing the issue and sale of stock, should contain a condition that no proceeds might be expended for a boat, landings or wharves, etc., until authorized by the Commission in supplemental orders upon the filing by applicant of detailed statements of the proposed expenditures and of its final plans.

The company proposes to offer its stock to the public at its par value. It asks permission, however, to expend a sum equal to twenty percent. of the proceeds to pay selling commissions, incorporating costs, engineering, and legal fees. Mr. Hanford testified, in his opinion that an expenditure of at least that amount for those purposes would be necessary to dispose of the stock successfully.

The company expects that a portion of its stock will be

sold under stock subscription agreements providing for payment in installments. At the hearing, reference was made of applicant accepting notes for deferred payments. The Commission does not look with favor on the company's requiring notes for balances due on stock subscriptions. If the subscriber is unable to make full cash payment, the subscription agreement will show the balance due and there should be no necessity to make him give a note for the remainder. It is, of course, understood that no stock shall be delivered until fully paid.

I herewith submit the following form of order:-

O R D E R

PITTSBURG SACRAMENTO AUTO FERRY INC. having applied to the Railroad Commission for permission to issue and sell stock, a public hearing having been held 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 by applicant and that the petition should be granted as herein provided;

IT IS HEREBY ORDERED that Pittsburg Sacramento Auto Ferry, Inc. be, and it is hereby, authorized to issue and sell, on or before June 30, 1923, at not less than par, \$250,000.00 of its capital stock.

The authority herein granted is subject to further conditions as follows:-

(1) Of the proceeds from the sale of the stock herein authorized, twenty percent., if necessary, may be used to pay bona fide and reasonable organization and incorporation expenses, selling expenses, engineering and legal fees. The remainder of the proceeds, and such portion of the twenty percent. not necessary for the purposes mentioned, shall be deposited in a bank or banks and expended only as hereafter authorized by the Railroad Commission in a supplemental order or orders.

(2) Applicant shall file with the Commission a copy of any stock prospectus it might issue and a copy of its stock subscription

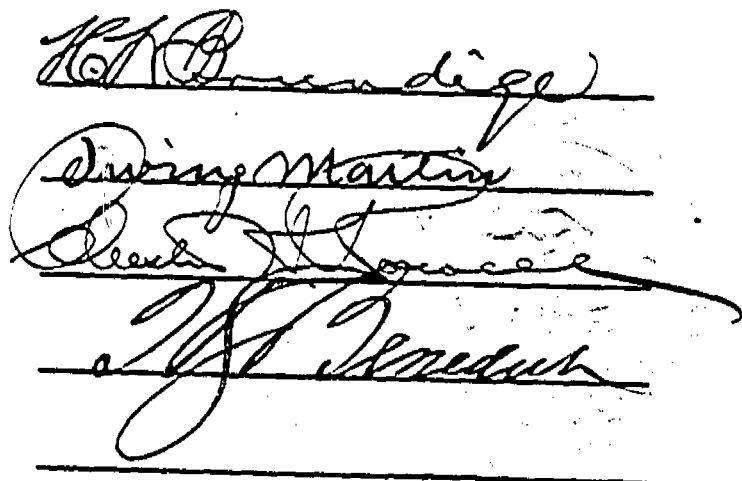
agreement.

(3) Applicant shall keep such record of the issue and sale of the stock herein authorized 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, in so far as applicable, is made a part of this order.

(4) The authority herein granted will not become effective until applicant has filed with the Commission a copy of its franchise.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

DATED at San Francisco, California, this 3<sup>rd</sup> day of October, 1922.



Commissioners.