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Decision No. ✓

ORIGINAL

Decision No. 1402

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application )  
of Northern Electric Railway Com- )  
pany, a corporation, for an order )  
approving certain notes issued by )  
applicant. )

Application No. 1059

T. T. C. Gregory for applicant

EDGERTON, Commissioner.

O P I N I O N

This is an application by Northern Electric Railway Company for an order authorizing the issue of certain promissory notes.

Applicant has heretofore issued promissory notes to a large number of persons for a large aggregate amount. These notes were issued without the authorization of this Commission, and upon attention being called to the probable status of this paper, this application was filed. Recently a receiver has been appointed by the Federal Court and we may assume applicant to be insolvent. The only purpose to be served by the order herein asked to be issued is to place the creditors holding notes now invalid in the same position as they would have been had their notes been regularly issued.

A denial of this application might work serious harm to these creditors without any resulting benefit. Applicant owes these creditors the money evidenced by these notes, and if this application were denied, these debts would become immediately payable, but these particular creditors would probably have lost the advantage of the endorsements now on these

notes.

Beyond doubt, this application would be denied if it involved the creation of a new indebtedness, even though applicant were not now in the hands of a receiver. But in view of the fact that it appears the money originally obtained upon the issuance of these notes was used for corporate purposes, and that the order of this Commission may result in maintaining these creditors upon an equal standing with other creditors, I believe the application should be granted.

Herewith a form of order:

O R D E R

Application having been made by Northern Electric Railway Company for an order authorizing the issue of promissory notes, and a public hearing having been had and it appearing to the Commission that for the reasons set out in the preceding opinion said application should be granted,

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that Northern Electric Railway Company is hereby authorized to issue those certain promissory notes in the amounts, bearing the interest, payable to the persons, and dated, all as set out in a list on file herein marked Exhibit "A".

Said company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds derived from the issuance of the notes herein authorized to be issued and on or before the 25th day of each month the company shall make a verified report to the Commission in accordance with the Commission's General Order No. 24, stating the sale or other disposition of the notes herein authorized to be issued the terms and conditions of such sale or other disposition the moneys realized therefrom and the use and

application of such moneys.

This order shall not become effective until the fee prescribed by Section 57 of the Public Utilities Act, as amended, shall have been paid.

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 *22nd* day of October, 1914.

*H. Sherrland*

*Max Thelen*

*Edwin Q. Edgerton*

Commissioners.