

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of
LOS ANGELES AND SAN DIEGO BEACH RAIL-
WAY COMPANY for an order authorizing
the issue of promissory notes of the
total face value of \$51,000.00.

Application No. 2069.

In the matter of the application of LOS ANGELES AND SAN DIEGO BEACH RAILWAY COMPANY for an order authorizing applicant to issue four promissory notes of the face value of \$4,750.00 each and to pledge its bonds as security for said notes.

Application No. 2164.

In the matter of the application of
LOS ANGELES AND SAN DIEGO BEACH RAIL-
WAY COMPANY for an order authorizing
the issue of its promissory note for
\$2,500.00.

Application No. 2180.

Leovy and Leovy for applicant.

BY THE COMMISSION.

O P I N I O N.

These three applications, all of which request authority to issue promissory notes in renewal of certain promissory notes now outstanding, were consolidated at the public hearing which was held in San Diego April 4, 1916. From the evidence it appears that applicant has an authorized bonded indebtedness of the total face value of \$375,000.00 of which, however, bonds of the face value of only \$5,000.00 have thus far been sold by applicant. In addition to this, certain of applicant's promissory notes have been secured by its bonds, pledged as collateral upon the basis of \$100.00 face value of bonds for each \$70.00 face value of notes.

Applicant has submitted a statement of its floating indebtedness showing an open account due E. S. Babcock amounting to \$102,818.28, and the following outstanding promissory notes:

Date of Note	Payee	Principal	Inter- est Rate	Date of Maturity	Security.
3/15/16	American Nat'l Bank, San Diego	\$ 5000.00	6%	9/15/16	Bonds \$7000
2/16/16	Southern Tr. & Savs. Bank " "	5000.00	7%	8/15/16	" \$7000
2/ 2/16	" " " " " " "	1759.75	7%	8/ 2/16	-----
1/20/16	American Nat'l Bank " "	1500.00	6%	4/19/16	-----
7/25/15	" " " " " "	2500.00	7%	11/25/15	-----
6/24/15	Southern Tr. & Savs. Bank, " "	8000.00	7%	12/24/15	-----
6/24/15	" " " " " " "	3000.00	7%	12/24/15	-----
6/15/15	American Nat'l Bank, " "	15000.00	6%	8/14/15	-----
5/22/15	San Diego Elec. Ry. Co., " "	4038.00	6%	5/ 1/16	-----
2/11/15	Citizens Nat'l Bank, Los Angeles	15000.00	7%	5/22/15	-----
2/11/15	" " " " " "	4000.00	7%	5/22/15	-----
11/5 /14	Merchants Nat'l Bank, San Diego	21000.00	7%	2/ 3/15	Bonds \$30000
2/ 1/15	Union Oil Co., " "	<u>2000.00</u>	7%	9/ 1/15	-----
Total.....		\$87797.75			

It will be seen from the above table that notes of the total face value of \$31,000.00 are secured by \$44,000.00 face value of applicant's bonds. All of said notes are further endorsed by E. S. Babcock, applicant's president.

At the hearing it developed that under Application No. 2164 applicant was requesting permission to issue to Citizens National Bank of Los Angeles four notes of the face value of \$4,750.00 each instead of one note for \$4,000.00 and one note for \$15,000.00 as requested in Application No. 2069, and applicant requested and was granted permission to amend the last

mentioned application by striking out that portion of it referring to said two notes. With this amendment the three applications request authority to issue promissory notes of the total face value of \$53,500.00 in renewal of notes now outstanding and to pledge, as security for the four notes of \$4,750.00 each payable to the Citizens National Bank of Los Angeles, applicant's bonds at a ratio of not to exceed \$100.00 of bonds to \$70.00 of notes.

It further appears that the notes which applicant wishes to renew have been all authorized by this Commission under previous orders, and under all the circumstances of the case we feel that the applications, as amended, should be granted.

O R D E R.

LOS ANGELES AND SAN DIEGO BEACH RAILWAY COMPANY having applied for an order authorizing the issue of promissory notes in renewal of the notes hereinafter set forth, and a public hearing having been held, and the Railroad Commission finding that the purposes for which said outstanding notes or the proceeds thereof were used were not in whole or in part reasonably chargeable to operating expenses or to income and that the applications should be granted,

IT IS HEREBY ORDERED that Los Angeles and San Diego Beach Railway Company be and the same is hereby authorized to issue its promissory notes for terms not exceeding two years from April 30, 1916, at rates of interest and in amounts not to exceed those in effect as to each of said notes, respectively, payable to the same payees as at present, in renewal of the following notes:

Date of Note	Payee	Principal	Interest Rate	Date of Maturity
7/25/15	American Nat'l Bank, San Diego	\$ 2500.00	7%	11/25/15
6/24/15	Southern Tr. & Savs. Bank" "	8000.00	7%	12/24/15
6/24/15	" " " " " " "	3000.00	7%	12/24/15
2/11/15	Citizens Nat'l Bank, Los Angeles	15000.00	7%	5/22/15
2/11/15	" " " " " "	4000.00	7%	5/22/15
11/ 5/14	Merchants Nat'l Bank, San Diego	21000.00	7%	2/ 3/15

The authority herein granted is granted upon the following conditions and not otherwise:

1. Los Angeles and San Diego Beach Railway Company may, if it so elects, issue four notes of the face value of \$4,750.00 each to the Citizens National Bank of Los Angeles in place of the note for \$4,000.00 and the note for \$15,000.00 herein authorized.

2. Los Angeles and San Diego Beach Railway Company shall issue said notes so as to not not less than the face value thereof.

3. Los Angeles and San Diego Beach Railway Company is hereby authorized to pledge as collateral security for the renewal note of \$21,000.00 to the Merchants National Bank of San Diego, the \$30,000.00 face value of its first mortgage 5½% sinking fund gold bonds which were pledged as collateral security for the existing note to said bank under the authority of this Commission as given on January 21, 1916, by Decision No. 3052, and applicant is further authorized to pledge as collateral security for the \$19,000.00 face value of notes payable to Citizens National Bank of Los Angeles its 5½% sinking fund gold bonds on such a basis that the ratio shall never exceed \$100.00 face value of bonds to \$70.00 face value of such notes or unpaid portions thereof or notes given in renewal thereof as hereinafter authorized.

4. Los Angeles and San Diego Beach Railway Company is hereby authorized during the period of two years from the date of this Order to issue further notes in renewal of those herein authorized on the same terms, provided that the combined terms of the notes hereby authorized and those issued in renewal thereof, respectively, shall not exceed two years from April 30, 1916.

5. After the notes herein authorized or any portion thereof shall have been paid the bonds herein authorized to be pledged shall be released by said payment or payments, shall be returned to applicant's treasury and shall not again be issued without the authorization of this Commission.

6. Los Angeles and San Diego Beach Railway Company shall keep a true and accurate record of the issue of the notes herein authorized and the pledging of the bonds herein authorized to be pledged and shall, on or before the 25th day of the month following the issue of the respective notes and the pledging of the respective bonds, make a verified report to this Commission setting forth the issue of the notes herein authorized, the fact and the date of issue, the rate of interest, the application of the proceeds, and the security pledged as collateral, if any, all in accordance with this Commission's General Order No. 24, which in so far as applicable is made a part of this Order.

7. Any agreement between the applicant and the respective pledgees relative to the pledge of bonds herein authorized to be issued shall contain a provision by which the

pledgee shall give applicant and the trustee under its bond issue ten days' written notice in case of intention to sell under the terms of said pledge.

8. Within ten days after the execution of any agreement pledging as collateral any of the bonds herein authorized to be pledged applicant shall file a copy of said agreement with this Commission.

Dated at San Francisco, California, this 21st day of April, 1916.

Max Heles

H. D. Loveland

Max Gordon

Fee \$2500
100
APR 24 1916
BY H. C. Macdonald
Assistant Secretary

Commissioners.