

Decision No. _____

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

Decision No. 3935

In the Matter of the Application)
of SAN FRANCISCO-OAKLAND TERMINAL)
RAILWAYS, for authority to pledge) Application No. 2666.
as collateral security, its general)
lien mortgage bonds.)

A. L. Whittle, for applicant.

EDGERTON, Commissioner.

O P I N I O N

This is an application by San Francisco-Oakland Terminal Railways for authority to pledge \$10,000.00 face value of its general lien mortgage bonds with the Central National Bank of Oakland as collateral security for a 6 per cent demand note in the principal sum of \$5,000.00. Said note is to be the basis for the execution and delivery to applicant by Central National Bank of Oakland of a certified check in the sum of \$5,000.00 which applicant intends to deliver to Maryland Casualty Company as collateral security for the execution and delivery to San Francisco-Oakland Terminal Railways by Maryland Casualty Company of an undertaking and stay bond on appeal, in the case of Luke Johnson, a minor, by his guardian Holmes Johnson,

plaintiff, vs. San Francisco-Oakland Terminal Railways, a corporation, defendant. A judgment in this case was recently entered in the Superior Court of Alameda County against San Francisco-Oakland Terminal Railways for the sum of \$4,000.00. Applicant now desires to appeal this case to the Supreme Court of the State of California and finds it necessary to make arrangements for the execution of an undertaking and stay bond on appeal as hereinbefore set forth.

In Decision No, 1604, dated June 23, 1914, (Vol. 4, Opinions and Orders of the Railroad Commission of California, page 1290) this Commission authorized San Francisco-Oakland Terminal Railways to issue \$1,000,000. of general lien bonds as collateral security for an issue of notes in the sum of \$650,000.00.

At the hearing applicant filed a statement showing that as of December 14, 1916, it had outstanding \$757,000.00 face value of bonds pledged as collateral security for \$499,089.64 face value of notes. Of the remaining bonds, \$177,000.00 face value are held in applicant's treasury and \$66,000.00 are held by Mercantile Trust Company, trustee.

Applicant reports that the \$10,000.00 face value of bonds which it desires to pledge at the present time are bonds which have been returned to it upon partial satisfaction of the obligations for which said bonds were originally pledged.

The petition in this matter states that the general lien mortgage bonds which applicant desires to pledge will be deposited with Central National Bank of Oakland under a collateral pledge agreement providing that only in the event that San Francisco-Oakland Terminal Railways shall fail to pay the promissory note in the sum of \$5,000.00, and only after said Central

National Bank shall have exercised its banker's lien on money on deposit in said bank to the credit of San Francisco-Oakland Terminal Railways shall such portion of said general lien mortgage bonds and only such portion be offered for sale as may be necessary to pay said promissory note, together with accrued interest thereon, and that in the event said promissory note and interest thereon shall be paid said general lien mortgage bonds shall be returned to San Francisco-Oakland Terminal Railways. Under these circumstances I believe this Commission may safely authorize San Francisco-Oakland Terminal Railways to pledge its general lien mortgage bonds as requested in the application herein.

I accordingly submit the following form of
Order:-

O R D E R

SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS having applied to this Commission for authority to pledge \$10,000.00 face value of its general lien mortgage bonds with Central National Bank of Oakland as collateral security for a 6 per cent demand note in the principal sum of \$5,000.00 as hereinbefore set forth;

And a hearing having been held;

And it appearing to this Commission that applicant's request is reasonable and should be granted and that the purposes for which it is proposed to pledge said bonds are not reasonably chargeable in whole or in part to operating expenses or to income;

IT IS HEREBY ORDERED that San Francisco-Oakland Terminal Railways be and it is hereby authorized to pledge \$10,000.00 face value of its general lien mortgage bonds with

Central National Bank of Oakland as collateral security for a promissory note in the principal sum of \$5,000.00, payable upon demand and bearing interest at 6 per cent per annum, the proceeds of said note to be used in securing a certified check to be deposited with Maryland Casualty Company as collateral security for the execution and delivery of an undertaking and stay bond on appeal in the case of Luke Johnson, a minor, by his guardian, Holmes Johnson, plaintiff, vs. San Francisco-Oakland Terminal Railways, a corporation, defendant.

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

1.-The general lien mortgage bonds herein authorized to be pledged shall only be pledged under a collateral pledge agreement providing that only in the event that San Francisco-Oakland Terminal Railways shall fail to pay the promissory note in the sum of \$5,000.00, and only after said Central National Bank shall have exercised its banker's lien on money on deposit in said bank to the credit of San Francisco-Oakland Terminal Railways shall such portion of said general lien mortgage bonds and only such portion be offered for sale as may be necessary to pay said promissory note, together with accrued interest thereon, and that in the event said promissory note and interest thereon shall be paid said general lien mortgage bonds shall be returned to San Francisco-Oakland Terminal Railways.

2.-San Francisco-Oakland Terminal Railways shall keep separate, true and accurate accounts relative to the pledge of the bonds herein authorized to be pledged; and on or before the twenty-fifth day of

each month the company shall make verified reports to the Commission relative to the pledge of said bonds in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3.-The authority herein given shall apply only to such bonds as shall have been pledged on or before March 31, 1917.

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 16th day of December, 1916.

Alvin G. ...
Edwin O. Edgerton
Frank R. ...

Commissioners.