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Decision No. \_\_\_\_\_

ORIGINAL

Decision No. 4310

BEFORE THE RAILROAD COMMISSION

OF THE

STATE OF CALIFORNIA

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In the Matter of the Appli- )  
cation of LAWRENCE WAREHOUSE )  
COMPANY to issue \$10,000.00 )  
par value of its capital )  
stock. )

Application No. 2723

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Sanborn and Roehl,  
by H. E. Sanborn, for applicant.

BY THE COMMISSION.

O P I N I O N

This is an application of Lawrence Ware-  
house Company of Oakland for authority to issue  
\$10,000.00 par value of capital stock in lieu of a  
like amount of stock issued without authority from  
this Commission.

A public hearing was held in this matter before Examiner Encell in San Francisco on February 5, 1917.

Applicant was incorporated on June 27, 1913, for the purpose of acquiring the warehouse business formerly conducted by Mr. V. O. Lawrence. On or about the date of incorporation all of the authorized capital stock, amounting to 1,000 shares of the par value of \$10.00 per share was issued as follows:-

998 shares to V. O. Lawrence for cash advances.

1 share to M. S. Lawrence as director's qualifying share.

1 share to H. F. Schaefer as director's qualifying share.  
1000 Shares.

This stock was issued without authority from this Commission and is therefore void. At the hearing Mr. Lawrence, applicant's president, testified that the issue of stock in this manner was through ignorance of the law, and not through any desire to evade the provisions of the Public Utilities Act.

Applicant operates the Standard Warehouse, the East End Warehouse and Municipal Wharf No. 1, in Oakland. The company also has warehouses for storage of rice in the towns of Live Oak, Esquon and Sankey on the lines of the Northern Electric Railway. It also operates two warehouses in the City of Sacramento. All of these warehouses are operated under lease.

The following is an inventory of the property of Lawrence Warehouse Company as set forth in Exhibit "B", attached to the application:-

Real Estate,	\$2,034.20
Office & Furniture fixtures,	1,264.52
Office Supplies and Equipment,	859.18
Warehouse Buildings and Equipment,	1,839.41
Automobiles and Trucks,	<u>2,123.16</u>
Total,	\$8,120.47

Subsequent to the hearing an examination of applicant's books was made by the Department of Statistics and Accounts of this Commission and applicant's annual report for the year ending December 31, 1916 corrected in accordance with the Department's findings.

Following is the company's balance sheet as of December 31, 1916, taken from its annual report as corrected:-

#### ASSETS

Organization, Franchises, etc.	\$47,296.44
Plant, Buildings and Land	3,502.70
Equipment,	<u>2,951.58</u>
Total	\$53,750.72

#### Less

Appreciated value in Fixed Capital	<u>37,135.00</u>
(Organization, Franchises, etc. 36,000)	
(Land 1,135)	\$16,615.72

#### Current Assets:

Cash	2,912.48
Accounts Receivable	21,651.00
Material and Supplies	<u>1,213.37</u>
	\$25,776.85

#### Miscellaneous:

Investments	500.00
Prepaid Advertising	695.88
Prepaid Taxes & Insurance,	253.24
Deferred Expenses,	<u>98.75</u>
	1,547.87

Total Assets \$43,940.44

### LIABILITIES

Capital Stock	\$10,000.00	
Assessment on Capital Stock,	10,000.00	
Mortgages Payable	<u>600.00</u>	
		\$20,600.00

### Current Liabilities:

Notes Payable	10,000.00	
Audited Vouchers & Wages Payable	2,160.27	
Accounts Payable	8,514.95	
Liability Insurance	97.37	
Suspense	<u>255.93</u>	
		\$21,028.52

### Surplus

As at commencement	3,286.58	
Net Loss Aug. 1, 1913		
to Dec. 31, 1916	<u>974.66</u>	
Net		<u>2,311.92</u>

Total Liabilities \$43,940.44

The net value of fixed capital as shown by the above Balance Sheet includes \$10,720.10 which appears in the opening statement on the books of the corporation as investments, leases, etc. The Commission's auditors report that they are unable to verify this entry or the entry of \$3,286.58 "surplus as at commencement."

They further report that the company's accounting methods are extremely lax, particularly as to note transactions. This Commission will of course, insist that applicant maintain its books and records in a proper and orderly manner.

O R D E R

LAWRENCE WAREHOUSE COMPANY having applied to this Commission for authority to issue 998 shares of capital stock to V. O. Lawrence for cash advances and 1 share each to M. S. Lawrence and H. F. Schaefer as director's qualifying shares.

And a public hearing having been held,

And it appearing to this Commission that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified in the order, which purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

IT IS HEREBY ORDERED that Lawrence Warehouse Company be and it is hereby authorized to issue 1,000 shares of stock of the par value of \$10.00 per share as follows:-

V. O. Lawrence,	998 shares in payment for cash advances.
M. S. Lawrence,	1 share as director's qualifying share.
H. F. Schaefer,	1 share as director's qualifying share.
Total	1000 shares.

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

- 1.-The stock herein authorized to be issued shall be issued only in exchange for and upon cancellation of a like amount of capital stock of the Lawrence Warehouse Company heretofore issued without authority

from this Commission.

2.-Lawrence Warehouse Company shall keep separate, true and accurate accounts relative to the issue of the stock herein authorized to be issued; and on or before the twenty-fifth day of each month the company shall make verified reports to the Railroad Commission 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 granted applicant to issue stock shall only apply to such stock as shall have been issued on or before October 31, 1917.

Dated at San Francisco, California, this 10<sup>th</sup>  
day of May, 1917.

Max Thelen  
W. H. Loveland  
Alex Ford  
Edwin O. Edgerton  
Frank R. Dyer

Commissioners.