

ORIGINAL

Decision No. _____

Decision No. 45-08

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application)	
of Farmers' Alliance Business)	
Association, a corporation, for an)	Application No. 3017.
order authorizing issue of addi-)	
tional common stock of the par)	
value of \$2,520.00.)	

C. D. MacFarland for applicant.

BY THE COMMISSION.

O P I N I O N.

A public hearing was held by Examiner Westover upon above application to issue \$2520.00 par value capital stock of applicant in lieu of an equal amount of stock heretofore issued without authority.

Applicant was incorporated in June, 1891, with a capital stock of \$20,000.00 divided into 2000 shares of the par value of \$10.00 each, of which 1264 shares were issued and outstanding prior to the issue of certificates for 252 shares without authority of the Commission.

Applicant's business consists of operating a warehouse at Paso Robles, San Luis Obispo County, buying and selling grain, grain bags and supplies used by ranchers. Its warehouse, which it carries on its books at \$14,087.56, it estimates has a present reproduction value of about \$21,000.00. Its balance sheet as of December 31, 1916, shows assets of \$33,372.79, liabilities of \$29,252.60, including the \$2520.00 par value of stock illegally issued, beside a surplus of \$4120.19.

Applicant has conducted a profitable business for a number of years and has built several extensions to its warehouse, each addition being paid for out of earnings of the busi-

ness and stock dividend issued to the stockholders in proportion to their holdings to cover the actual cost of additions, fractions of shares being adjusted in cash. Following the same course of procedure as that employed on other occasions when stock dividends were declared, applicant issued the 252 shares of stock on account of the cost of the last addition which was slightly in excess of \$2520. The stock was issued without taking legal advice and in ignorance of the legal requirement that the stock should be authorized by the Commission. Since the stock was issued some of the shares have been sold and transferred on the books of the company.

O R D E R

FARMERS' ALLIANCE BUSINESS ASSOCIATION having applied to the Railroad Commission for an order validating an issue of 252 shares of its capital stock heretofore issued without authority, and a public hearing having been held thereon, and the Commission being of the opinion that the money, property or labor procured or paid for by the unauthorized issue of said stock was reasonably required for the purpose or purposes specified in the order and that such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

IT IS HEREBY ORDERED that Farmers' Alliance Business Association be and it is hereby authorized and empowered to issue 252 shares of its capital stock of the par value of

\$10 each upon the surrender and cancellation of certificates for an equal number of its shares heretofore issued without the authority of the Commission, said unauthorized shares having been originally issued for the purpose of paying for an addition to applicant's warehouse.

This authority is upon the following conditions:

1. Nothing herein contained shall be construed as a finding by the Commission of the value of the property of applicant for any purposes other than those of the present application.

2. The authority hereby granted shall extend only to such stock as may be issued within sixty days from date hereof.

3. On or before the 25th day of each month applicant shall make verified reports in writing to the Commission of the stock issued hereunder, the date of issue, to whom issued, the number of certificates and the number of shares, all as required by General Order No. 24, which in so far as applicable is made a part of this order.

Dated at San Francisco, California, this *2d*
day of *August*, 1917.

H. H. [Signature]
[Signature]
Edwin C. [Signature]
Frank R. [Signature]
Commissioners.