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Decision No. 5009

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BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of)
 SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS)
 for authority to pledge as collateral) Application Number 3425.
 security its general lien mortgage)
 bonds.)

A.L. Whittle for applicant.

TERLEN, Commissioner.

O P I N I O N .

This is an application of SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS for authority to pledge \$17,000.00 face value of its general lien mortgage bonds with the First National Bank of Oakland as collateral security for a 6 per cent demand note in the principal sum of \$9,000.00. Said note is to be the basis for the execution and delivery to applicant by First National Bank of Oakland of a certified check in the sum of \$9,000.00, 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 Susan D. Boa, 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 \$8,000.00 and costs. 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 Number 1604, dated June 23, 1914 (Vol. 4, Opinions and Orders of the Railroad Commission of California, pg. 1290) the Commission authorized San Francisco-Oakland Terminal Railways to issue \$1,000,000.00 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 January 3, 1918, 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 \$17,000.00 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 the First 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 \$9,000.00, and only after said First National Bank of Oakland 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 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 authorize San Francisco-Oakland Terminal Railways to pledge its general lien mortgage bonds as requested in the application herein.

I submit the following form of Order.

O R D E R.

SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS having applied to the Railroad Commission for authority to pledge \$17,000.00 face value of its general lien mortgage bonds with the First National Bank as collateral security for a 6 per cent demand note in the principal sum of \$9,000.00, as hereinbefore set forth,

And a public hearing having been held and the Commission being of the opinion that this application should be granted, subject to the conditions contained in the order herein,

IT IS HEREBY ORDERED that San Francisco-Oakland Terminal Railways be, and it is hereby, authorized to issue and pledge \$17,000.00 face value of its general lien mortgage bonds with the First National Bank of Oakland as collateral security for a promissory note in the principal sum of \$9,000.00 payable on demand, 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 Susan D. Boa, plaintiff, vs. San Francisco-Oakland Terminal Railways, a corporation, defendant, said authority to issue and pledge said bonds being granted upon the following conditions:

- 1.- The general lien mortgage bonds herein authorized to be issued and 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 \$9,000.00, and only after said First National Bank of Oakland 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 the treasury of San Francisco-Oakland Terminal Railways and thereafter issued only upon further order from this Commission.

2.-- San Francisco-Oakland Terminal Railways shall keep separate, true and accurate accounts relative to the pledge of 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 Number 24, which order in so far as applicable is made a part of this order.

3.-- The authority herein granted shall apply only

