

MR

ORIGINAL

Decision No. 6222

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of }
MARIAN MILLING COMPANY for an order }
authorizing the issue of capital }
stock. }

Application No. 4426.

J. R. Whittamore, for applicant.

LOVELAND, Commissioner.

O P I N I O N

Marian Milling Company asks permission to issue, at par, \$50,000.00 of its common capital stock.

The record shows that applicant corporation was organized in June, 1918. It has an authorized stock issue of \$50,000 divided into 5,000 shares of the par value of \$10.00 each. Applicant reports the cost of its warehouse, bean-cleaning machinery and equipment at \$33,271.59. The cost of the property devoted to public utility purposes is reported at \$18,997.92, while the cost of non-public utility property is reported at \$14,273.67. Applicant's warehouse is completed. It has, however, not completed a year's business. It reports gross revenues from public utility business - storage - of \$2,387.63, and earnings from all other sources - re-cleaning beans and sale of merchandise - of \$8,416.92, making total receipts of \$10,804.55. Its total expenses including interest are reported at \$11,409.77.

Applicant reports \$11,250.00 of stock outstanding.

This stock was issued without an order from the Railroad Commission and is void under the provisions of Section 52 of the Public Utilities Act. Obviously, the Commission can not approve the issue of stock which is declared void by statute. The record clearly shows that the money obtained from the people who subscribed for applicant's stock was used to finance the construction of applicant's warehouse and the purchase of equipment. The testimony shows that the stock was issued through inadvertence and with no intent to evade the provisions of the Public Utilities Act. The order herein will permit applicant to issue \$11,250.00 of stock subject to the condition that the certificates of stock now outstanding be recalled and canceled and new certificates issued in lieu thereof.

Applicant also asks permission to issue the remainder, \$38,750.00, of its authorized capital stock. No detailed information showing the purposes for which the \$38,750.00 obtained from the issue of this stock will be expended, has been filed with the Commission. The order herein will provide that the proceeds obtained from the sale of the \$38,750.00 of stock be deposited in a special bank account and expended only for such purposes as may hereafter be authorized by the Commission.

I herewith submit the following form of Order:-

ORDER

MARIAN MILLING COMPANY having applied to the Railroad Commission for authority to issue \$50,000.00 of stock, a public hearing having been held and the Commission being of the opinion that this application should be granted, subject to the conditions of this order,

IT IS HEREBY ORDERED that Marian Milling Company be, and it is hereby, granted authority to issue, at not less than par, \$50,000.00 of its common capital stock, subject to the following conditions:

- (A).-- \$11,250 of stock shall be issued to the parties who now hold stock certificates of Marian Milling Company, provided that prior to the issue of any certificates, the outstanding certificates be recalled and canceled and the new certificates issued in lieu thereof.
- (B).-- \$38,750 of stock herein authorized to be issued shall be sold, for cash, at not less than par, the proceeds deposited in a special bank account and expended only for such purposes as may be hereafter authorized by the Railroad Commission in a supplemental order or orders in this proceeding.
- (C).-- Marian Milling Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds of the sale 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 stating the sale or sales of said stock during the preceding month, the terms and conditions of the sale, the moneys realized therefrom and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable is made a part of this Order.
- (D).-- The authority herein granted to issue stock shall apply only to such stock as may be issued on or before December 31, 1919.

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 26th day of March, 1919.

E. O. Edgerton
H. S. Loveland
W. R. H. H. H.
H. S. Brundage

Commissioners.