

ES

Decision No. 7958.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

---oOo---

In the Matter of the Application of SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS for authority to pledge as collateral security its general lien mortgage bonds.	)	) <u>Application No. 5991.</u>
--	---	--------------------------------

-----

A.L. Whittle and P.O. Solon, by P.O. Solon, for applicant.

MARTIN, Commissioner.

O P I N I O N.

SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS asks authority to issue and pledge \$14,000.00 face value of its general lien mortgage bonds.

Applicant reports that on April 29, 1920, a judgment for the sum of \$7,500.00 and costs was entered against it in the Superior Court of the State of California in and for the County of Alameda in an action brought by Harold Baxter Mead and Audrey Guelph Mead, his wife, plaintiffs, to recover damages for personal injuries; that good ground exists for the reversal of the judgment on appeal and that it desires to appeal from said judgment to the Supreme Court of the State of California.

Applicant further reports that to provide for a stay of execution on the judgment, it will be necessary for it to file an undertaking on an appeal and stay bond in the sum of \$15,700.00.

The record shows that the Massachusetts Bonding and Insurance Company has expressed a willingness to act as surety on the undertaking on appeal and stay bond, provided that applicant deposit with the Massachusetts Bonding and Insurance Company its certified

check for the sum of \$8,000.00. To enable it to deposit this check, applicant intends to borrow from the First National Bank of Oakland \$8,000.00 to be represented by a 6 per cent demand note and secure the payment of such demand note by the deposit of \$14,000.00 face value of its general lien mortgage bonds.

In Decision No. 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 mortgage bonds as collateral security for an issue of notes in the sum of \$650,000.00. The testimony of F.W. Frost, secretary of the San Francisco-Oakland Terminal Railways, shows that \$257,000.00 of the \$1,000,000.00 of bonds are now in the hands of the treasurer of the company.

The testimony shows that the general lien mortgage bonds which applicant desires to pledge will be deposited under a collateral pledge agreement, marked "Exhibit "B", which provides that only in the event that San Francisco-Oakland Terminal Railways shall fail to pay the note which it intends to issue, and only after the bank shall have exercised its banker's lien on money on deposit to the credit of San Francisco-Oakland Terminal Railways, shall the general lien mortgage bonds be offered for sale, and that upon the payment of the note, together with interest, the bonds herein authorized to be pledged as collateral will be returned to applicant.

Under the circumstances set forth in the petition herein and as explained at the hearing, I recommend that this application be granted and herewith 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 issue and pledge \$14,000.00 face value of its general lien mortgage bonds for the purposes set

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

IT IS HEREBY ORDERED, that SAN FRANCISCO-OAKLAND TERMINAL RAILWAYS be, and it is hereby, granted authority to pledge \$14,000.00 face value of its general lien mortgage bonds with the First National Bank of Oakland as collateral security for the payment of a 6 per cent note, the proceeds of said note to be used in securing an \$8,000.00 certified check to be deposited with the Massachusetts Bonding and Insurance Company, which has agreed to act as surety on an undertaking on an appeal and stay bond in a case entitled Harold Baxter Mead and Audrey Guelph Mead, his wife, plaintiffs, vs. San Francisco-Oakland Terminal Railways, a corporation, defendant.

The authority herein granted is subject to the following condition:

- 1.---The bonds herein authorized to be issued and pledged shall be pledged under an agreement substantially in the same form as the agreement filed in this proceeding and marked Exhibit "B".
- 2.---Upon the return to applicant of the bonds herein authorized to be issued and pledged, they shall be issued only upon further order from this Commission.
- 3.--- Applicant shall file with the Railroad Commission within ten days after its execution, a copy of each and every agreement under which any of the bonds herein authorized to be pledged are deposited.
- 4.---San Francisco-Oakland Terminal Railways shall keep separate, true and accurate account relative to the pledging of the bonds herein authorized, and on or before the 25th

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

5.—The authority herein granted will apply only to such bonds as shall have been pledged on or before September 15, 1920.

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 5<sup>th</sup> day of August, 1920.

Fee # 25.00  
AUG 6 1920  
H. S. Matthews  
BY \_\_\_\_\_  
Assistant Secretary

Edwin C. Edgerton  
H. S. Leonard  
Frank P. Hill  
Erving M. Carter

Commissioners.