

Decision No. F293

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF
THE STATE OF CALIFORNIA

--oOo--

In the matter of the application of :
ALPAUGH WAREHOUSE AND MILLING COMPANY :
a corporation, for an order authoriz- : Application No. 6215
ing the issue of capital stock as a :
stock dividend. :

A. B. Allen, for applicant.

BY THE COMMISSION:

O P I N I O N

Alpaugh Warehouse and Milling Company asks permission to issue \$9,150.00 par value (1830 shares) of stock as a stock dividend to its present stockholders in proportion to their respective holdings.

A public hearing was had on this application by Examiner Westover at San Francisco.

Applicant was incorporated on or about February 9, 1915, and is at present engaged in a general warehouse and commission business in Alpaugh, Tulare County. By Decision No. 2925, dated November 2, 1915, the Commission authorized it to issue \$850.00 of stock and a \$2,750.00 note.

Applicant reports \$7,130.58 of notes and \$4,832.74 of accounts payable. In Exhibit "A" applicant reports the net worth of its business at \$10,809.13. This net worth results from its appraisal of its properties. In Exhibit "A", the value of real estate, buildings and equipment is reported at \$18,806.96, whereas in Exhibit "B", which is based upon the company's books, the real estate, buildings and equipments is reported at \$8,871.89, or \$9,935.07 less than in Exhibit "A". Because of the alleged net worth of \$10,809.13, applicant requests that it be permitted to issue the \$9,150. of stock to its stockholders without any consideration other than surplus earnings invested in property. The stockholders have agreed to sell part of the stock and use the moneys to pay the company's indebtedness. Applicant's request to issue stock against net worth arrived at in the manner described will have to be denied for the reason that it does not appear that it has invested surplus earnings in the amount of \$9,150. which would warrant the Commission in authorizing the issue of the \$9,150. of stock for the purpose of reimbursing applicant's treasury.

It clearly appears, however, that through the issue of notes and by incurring open account indebtedness, it has acquired properties largely in excess of the amount of stock now issued and outstanding. Applicant may properly be permitted to issue \$9,150. of stock at not less than par, provided it use the proceeds obtained from the sale of this stock to liquidate notes and accounts payable, one of the other purposes for which the statute authorizes the issuance of stock, and the Order herein will so provide.

ORDER

Alpaugh Warehouse and Milling Company having applied to the Railroad Commission for permission to issue \$9,150. of stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured through the issue of such stock is reasonably required by applicant and that the purposes for which applicant is authorized to expend the proceeds from the sale of the stock are not reasonably chargeable to operating expenses or to income:

IT IS HEREBY ORDERED that Alpaugh Warehouse and Milling Company be, and it is hereby, authorized to issue and sell, for cash, on or before March 1, 1921, at not less than par, \$9,150. of its common capital stock and use the proceeds to pay notes and accounts payable set forth in Exhibit "B" attached to the petition herein,

PROVIDED that Alpaugh Warehouse and Milling Company keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds, as will enable it to file on or before the 25th day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this Order.

Dated at San Francisco, California, this
28th day of October, 1920.

H. D. Loveland
Frank R. Collins
H. B. Bondage
J. W. Martin
Commissioners.