

ORIGINAL

Decision No. 8785

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SAN FRANCISCO-OAKLAND TERMINAL RAIL- )  
 WAYS for authority to pledge as col- ) Application Number 6681.  
 lateral security its General Lien }  
 Mortgage Bonds. }

M. M. Bourquin and A.L. Whittle  
 by A.L. Whittle, for Applicant.

DEVLIN, COMMISSIONER.

O P I N I O N.

SAN FRANCISCO-OAKLAND TERMINAL RAILWAY asks for authority to issue and pledge \$18,000.00 of its general lien mortgage bonds.

Applicant reports that on December 2, 1920 a judgment was entered against it in the Superior Court in and for the County of Alameda for the sum of \$9,500.00 and costs in an action brought by S. M. Unger, plaintiff, to recover damages for personal injuries. In the opinion of applicant's attorneys, good grounds exist for the reversal of the judgment, and applicant, therefore, desires to appeal from said judgment to the Supreme Court of the State of California. To provide for a stay of execution, it will be necessary for applicant to file an undertaking on appeal and stay bond in the sum of \$20,055.00.

Massachusetts Bonding and Insurance Company, applicant reports, has expressed a willingness to act as surety on the undertaking on appeal and stay bond, provided that applicant deposit with it, a certificate of deposit from Central National Bank

of Oakland in the sum of \$11,050.00. To enable it to make this deposit, applicant intends to borrow from Central National Bank of Oakland, \$11,050.00 to be represented by its six percent demand note, and to secure the payment of such note by the deposit of \$18,000.00 of its general lien mortgage bonds.

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

In Decision Number 1604, dated June 23, 1914 (Vol. 4, Opinion and Orders of the Railroad Commission of California, Page 1290) the Commission authorized San Francisco-Oakland Terminal Railways to issue \$1,000,000. of its general lien mortgage bonds as collateral security for the issue of notes in the aggregate amount of \$650,000.00. In Exhibit No. "1" applicant reports that on March 24, 1921, \$700,000.00 of said general lien bonds were pledged as security, \$234,000.00 were in the hands of the treasurer of the company, and \$66,000.00 were held by Mercantile Trust Company, Trustee.

Under the circumstances set forth in the petition 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 \$18,000.00 face value of its general lien mortgage bonds for the purpose 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 issue and pledge \$18,000.00 face value of its general lien mortgage bonds with the Central National Bank of Oakland, as collateral security for the payment of a 6% demand note- the proceeds of said note to be used in securing a \$11,050.00 certificate of deposit, said certificate to be deposited with the Massachusetts Bonding and Insurance Company, which has agreed to act as surety on an undertaking on appeal and stay bond in a case entitled S. M. Unger, Plaintiff, vs San Francisco-Oakland Terminal Railways, a corporation, Defendant.

The authority herein granted is subject to further conditions as follows:-

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 the Commission.
3. Applicant shall file with the Railroad Commission within 10 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 a true 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 the 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 shall not become effective until applicant has paid the fee prescribed by the Public Utilities Act.
6. The authority herein granted will apply only to such bonds as may be issued and pledged on or before August 31, 1921.

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 26<sup>th</sup> day of March, 1921.

Frank R. Bell  
H. Donald  
Dwight Martin  
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Commissioners.

Commissioners State of California  
John A. Lee  
MAR 29 1921  
J. H. Macdonald