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ORIGINAL

Decision No. 9129.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
the LAWRENCE WAREHOUSE COMPANY, a)
corporation, for an order authori-)
zing the issue of stock.)

Application No. 6891.

Chas. C. Boynton for Applicant.

LOVELAND, Commissioner.

O P I N I O N.

LAWRENCE WAREHOUSE COMPANY asks permission to issue and sell \$50,000.00 of its common stock and \$50,000.00 of its 8 per cent. cumulative preferred stock and to use the proceeds to pay outstanding notes and for working capital.

The company was incorporated with an authorized common capital stock of \$10,000.00, all of which was issued pursuant to authority granted in Decision No. 4310, dated May 10, 1917, (Vol. 13, Opinions and Orders of the Railroad Commission of California, pg. 227). Subsequently, the company increased its capital stock to \$50,000.00. By Decision No. 6464, dated June 30, 1919, (Vol. 16, Opinions and Orders of the Railroad Commission of California, pg. 976), applicant was authorized to issue the remaining \$40,000.00 of common stock to pay outstanding accounts amounting to \$25,700.00 and for working capital. Recently the company has amended its articles of incorporation, increasing its capital stock to \$200,000.00, divided equally into common and 8 per cent. cumulative preferred stock, all shares being of the par

value of \$10.00 each.

Applicant at present operates nineteen warehouses having a total floor space of 819,000 sq. ft. The location and site of its various warehouses are described in the petition as follows:

- 1.--Standard Warehouses Nos. 1 to 5, Fifth and Poplar Streets, Oakland, Capacity 67,500 sq. ft. Nos. 1 to 4 of brick construction; No. 5 of concrete construction. Date of lease September 1, 1917 for a term of twenty-five years.
- 2.--No. 11 Warehouse, Fifth and Magnolia Streets, Oakland, Capacity 4000 sq. ft. Frame building. On 99 year lease. Buildings belong to the Lawrence Warehouse Company.
- 3.--East End Warehouse Nos. 1, 2 and 3. Foot of 22nd Avenue, Oakland. Capacity 37,000 sq. ft. Nos. 1 and 2 galvanized iron buildings. No. 3 concrete building, saw tooth roof construction. Capacity 30,000 sq. ft. Twenty-five year lease.
- 4.--Oakland Terminal Warehouse, Foot of Jefferson Street, Oakland. Capacity 36,000 sq. ft. Steel frame construction. Fifteen year preferential rights.
- 5.--Sacramento Fireproof Warehouse, 11th and R Streets, Sacramento, Capacity 90,000 sq. ft. Lease dated Jan., 1920, for a term of twenty-five years. Concrete buildings.
- 6.--River Front Warehouse, Front and R Streets, Sacramento, Capacity 400,000 sq. ft. Brick Building. Lease dated January 1921 for a term of five years.
- 7.--30th and R. Street Warehouse, Front and R Street, Sacramento. Capacity 6400 sq. ft. Galvanized iron building. No term lease.
- 8.--River Front No. 2 Warehouse, Front and Q Streets, Sacramento. Capacity 6000 sq. ft. Galvanized iron building. Three year lease.
- 9.--Lots 1, 2 and 3, Block 489 Briggs Tract, 83.3 ft. frontage Fifth and Magnolia Streets, Oakland. Capacity 8330 sq.ft. 99 year lease dated from December 31, 1915.
- 10.--Lots 1 to 9, Block 490 Briggs Tract, 230 ft. frontage. Fifth and Poplar Streets, Oakland. Capacity 23,000 sq. ft. 99 year lease.
- 11.--Lawrence Warehouse #19, 2nd & Brannan Streets, San Francisco. Capacity 140,000 sq. ft., heavy mill construction, sprinkler system, 15 year lease dated April 1920.

The testimony shows that negotiations are now pending for the leasing of additional warehouses in San Francisco.

In Exhibit "F" attached to the petition, applicant reports its assets and liabilities as of December 31, 1920, as follows:-

ASSETS:

Fixed Capital,	\$61,987.51
Organization, Franchise, Patent Rights,	\$48,731.16
Cost of Plants, Buildings, Land, etc.,	1,200.00
Equipment,	21,551.25
Miscellaneous Autos and Trucks,	26,505.10
Sub-Total,	<u>97,987.51</u>
Less Appreciated Value of Fixed Capital,	36,000.00
Net,	<u>61,987.51</u>
Treasury Securities,	2,640.00
Other Investments,	1,103.00
Oakland Baseball Stock,	528.00
Sacramento Warehouse Stock,	175.00
Pageol Motors Co. Stock,	<u>400.00</u>
Current Assets,104,787.65
Cash,	2,902.62
Notes Receivable,	420.00
Accounts Receivable,	95,815.41
Materials and Supplies,	<u>5,649.62</u>
Deferred Debits,	5,312.24
<u>TOTAL ASSETS,</u>	<u>\$175,830.40</u>

LIABILITIES:

Common Capital Stock,	\$ 50,000.00
Current Liabilities,	82,358.29
Notes Payable,	\$40,000.00
Audited Vouchers & Wages Unpaid,	4,945.09
Miscellaneous Accounts Payable,	34,691.99
Accrued Expenses,	<u>2,721.21</u>
Deferred Credit Items,	12,693.67
Suspense Account,	8,956.10
Surplus,	<u>21,842.34</u>
<u>TOTAL LIABILITIES,</u>	<u>\$175,830.40</u>

The notes payable of \$40,000.00, which applicant proposes to refund by the issue of stock, are all 7 per cent 90-day notes.

In reports filed with this Commission, applicant reports revenues and expenses as follows:

I t e m	: 1918	: 1919	: 1920	:
Operating Revenues	:\$138,939.84	:\$209,222.63	:\$290,117.55	:
Operating Expenses	: 132,629.51	: 196,335.63	: 284,406.33	:
Net Operating Income	: 6,310.33	: 12,887.00	: 5,711.22	:
Other Income	: 1,444.13	: --	: --	:
Gross Corporate Income	: 7,754.46	: 12,887.00	: 5,711.22	:
Interest Deduction	: 945.97	: 1,327.47	: 2,687.79	:
Net Corporate Income	: 6,808.49	: 11,559.53	: 3,023.43	:
Surplus beginning of year	: 1,696.49	: 8,504.98	: 20,596.81	:
Additions to Surplus	: --	: 1,135.00	: --	:
Deductions from Surplus	: --	: 602.70	: 1,777.90	:
Surplus at End of Year	: 8,504.98	: 20,596.81	: 21,842.34	:

V.O. Lawrence, applicant's president urges that as a result of the increased business, a larger working capital represented by stock is necessary. I am inclined to agree with him in his contention.

The record shows that no arrangements have been made for the sale of the stock. Applicant's president is however of the opinion that the stock can be sold at not less than 95 per cent. of its par value. The present stockholders will purchase some of the stock, while some will be offered to applicant's patrons and employees.

I herewith submit the following form of Order:

O R D E R.

LAWRENCE WAREHOUSE COMPANY having applied to the Railroad Commission for permission to issue \$100,000.00 of capital stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

IT IS HEREBY ORDERED, that LAWRENCE WAREHOUSE COMPANY be, and it is hereby, authorized to issue not exceeding \$50,000.00 of its common stock and \$50,000.00 of its 8 per cent. cumulative preferred stock.

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

- 1.--The stock herein authorized to be issued shall be sold by applicant, for cash, at not less than 95 per cent. of its par value. No stock shall be issued or delivered until applicant has received cash payment equal to at

least 95 per cent. of the par value of the stock subscribed for by a stock subscriber.

- 2.--Of the proceeds from the sale of the stock herein authorized, \$40,000.00 may be used to pay the notes payable described in the application herein and referred to in the preceding opinion. The remainder of the proceeds may be used for working capital or for such other purposes as the Railroad Commission may hereafter authorize.
- 3.--Lawrence Warehouse Company shall 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.
- 4.--The authority herein granted shall apply only to such stock as may be issued on or before December 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 21st day of June, 1921.

H. B. Rindica
H. J. Lawrence

[Signature]
[Signature]
COMMISSIONERS.