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ORIGINAL

Decision No. 9140.

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

In the Matter of the Application of)
SKIRVING WAREHOUSE COMPANY, INC.,)
for an order authorizing the issue)
of common and preferred stock.)

Application No. 6783

Jesse H. Steinhart and John J. Goldberg,
by John J. Goldberg, for applicant.

MARTIN, Commissioner.

O P I N I O N.

In this petition, as amended at the hearing, SKIRVING WAREHOUSE COMPANY, INC., asks permission to issue \$45,000.00 of common and \$5,000.00 of preferred stock.

Applicant was incorporated April 1, 1921, with an authorized capital stock of \$50,000.00, divided into \$45,000.00 (450 shares) of common, and \$5,000.00 (50 shares) of preferred. The company was organized for the purpose of acquiring the business now owned and conducted by L.J. Skirving, which consists chiefly of the warehousing of grain, rice, beans and small quantities of other commodities, and of buying and selling grain on commission.

The testimony herein shows that at present L.J. Skirving is operating, practically without competition, eight warehouses located at Miller, Pleasant Grove, Catlett, Sankey, East Nicolaus, Arboga and Tarke, all of which are located along the lines of the Sacramento Northern Railroad or The Western Pacific Railroad Company. These warehouses are being operated under lease agreements, which he proposes to

transfer to applicant. The petition shows that he owns a one-third interest in the Pleasant Grove warehouse, a one-fourth interest in one of the Catlett warehouses, a one-fourth interest in the East Nicolaus warehouse and a three-fifths interest in the Tarke warehouse. The larger Catlett warehouse is owned by Catlett Warehouse Company, the East Nicolaus warehouse by the East Nicolaus Warehouse Company and the Pleasant Grove and Tarke warehouses by co-partnerships of which L.J. Skirving is a member. At the hearing, applicant amended its application to ask permission to acquire the stock and interest of L.J. Skirving in these warehouses. The remaining warehouses are owned by private individuals or firms that are not parties to this application, but which are agreeable to the assignment of the leases to applicant.

Permission is asked to issue \$37,500.00 of common stock to L.J. Skirving in exchange for his properties. He reports the net investment in his properties, not including leasehold rights or other intangible property, at \$20,304.57, consisting of --

Physical properties,	\$3,045.00
Ownership in warehouse building,	14,700.00
Accrued storage charged,	10,559.57
Total,	<u>\$28,304.57</u>
Deduct \$8,000.00 indebtedness,	8,000.00
Net Total,	<u>\$20,304.57</u>

Petitioner claims, however, that a value should be allowed for leasehold rights, good will and promotion expenses. L.J. Skirving testified that the warehouses, all of which he operates under leases, are located in very advantageous positions, and that he is enjoying practically a monopoly on the storage business between Sacramento and Marysville. It appears from his testimony, however, that considerable competition exists in the commission phase of his business, which constitutes an appreciable part of the total business. It further appears that he instituted the warehouse business about eight years ago with the lease of a single warehouse at Pleasant Grove, and that by investing profits, the business has been expanded until today

eight warehouses are being operated. It occurs to me that the testimony does not justify the issue by applicant of more than \$30,000. of stock in payment for the properties which it intends to acquire from L.J. Skirving.

Applicant further asks permission to issue \$7,500.00 of common stock and \$5,000.00 of preferred stock to Robert Church, its vice-president, for \$9,000.00 in cash. It intends to use \$8,000.00 of the proceeds to pay indebtedness which it asks permission to assume and use the remainder to provide itself with working capital. I believe that applicant should be permitted to issue to Robert Church in exchange for \$9,000.00 in cash, \$5,000.00 of its common and \$5,000.00 of its preferred stock.

L.J. Skirving reports \$8,123.35 of net revenues for the year ending May 31, 1920, and \$11,780.00 for the year ending May 31, 1921.

I herewith submit the following form of Order:

C R D E R

SKIRVING WAREHOUSE COMPANY, INC., having applied to the Railroad Commission for permission to issue stock, a public hearing having been held and it appearing to the Railroad Commission that the money, property or labor to be procured or paid for by the issue of stock herein authorized is reasonably required for the purpose or purposes specified in this Order;

IT IS HEREBY ORDERED, that SKIRVING WAREHOUSE COMPANY, INC., be, and it is hereby, authorized to issue \$35,000.00 of its common and \$5,000.00 of its preferred stock and to assume the payment of an \$8,000.00 indebtedness referred to in the petition herein.

The authority herein granted is subject to the following conditions:

- 1.--Of the common stock, \$30,000.00 shall be issued and delivered to L.J. Skirving in payment for the properties and business referred to in this application.
- 2.--The \$5,000.00 of preferred stock and \$5,000.00 of common stock herein authorized to be issued shall be sold to Robert Church for a cash consideration of \$9,000.00 and the proceeds used to pay the \$8,000.00 indebtedness, the payment of which applicant is herein authorized to assume, and to provide itself with working capital.
- 3.--Applicant shall file within thirty (30) days after its execution a certified copy of the deed conveying the properties which it is herein permitted to acquire through the issue of stock.
- 4.--Applicant shall keep such record of the issue 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.
- 5.-- The authority herein granted will apply only to such stock as may be issued, sold and delivered on or before October 31, 1921.

IT IS HEREBY FURTHER ORDERED, that SKIRVING WAREHOUSE COMPANY, INC., be, and it is hereby, authorized to acquire and hold

the stock now owned by L.J. Skirving and which he has agreed to transfer to the SKIRVING WAREHOUSE COMPANY, INC.

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 24th day of June, 1921.

H. A. Brundage
A. H. Overland
Irving Martin
J. J. Anderson
COMMISSIONERS.