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Decision No. 9189

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
STOCKTON COMMERCIAL WAREHOUSE COMPANY,) Application Number 6925.
a corporation, for an order authoriz-)
ing issue of stock.)

C. M. Gill, for Applicant.

MARTIN, COMMISSIONER.

O P I N I O N.

STOCKTON COMMERCIAL WAREHOUSE COMPANY asks permission to issue \$200,000.00 of its common capital stock.

The company was organized during May, 1921, with an authorized stock issue of \$250,000.00, divided into 2500 shares of the par value of \$100.00 each. It proposes to conduct a general warehouse and forwarding business in the City of Stockton, California.

Applicant requests authority to issue \$10,000. of its stock to Stanbrough and Burkett, in consideration for the assignment to applicant of options to purchase certain real estate and to cover promotion expenses. It is reported that Stanbrough and Burkett have obtained options to purchase, at a cost of \$18,800. the following real estate, situated in Stockton and adjoining the tracks of Southern Pacific Company and The Western Pacific Railroad Company:-

Lots Two (2), Four (4) Six (6), Thirteen (13), and Fourteen (14) and the South Twenty-five (25) feet of Lots One (1), Three (3) and Five (5) in Block Two Hundred Twelve (212), East of Center Street.

Applicant proposes to sell the remaining \$190,000. of stock, at par, and to pay not exceeding 15 percent. of the proceeds as brokerage commission for its sale. Of the remaining proceeds, it intends to use \$18,800. to purchase ^{the above described} real estate, about \$140,000. to erect a three story reinforced concrete warehouse with full basement and with an available floor space of 100,000 square feet, and the balance for working capital. C. P. Stanbrough, applicant's vice-president, testified that he believed real necessity exists for the establishment of an additional warehouse business in Stockton and that no difficulty would be encountered in disposing of the entire issue of stock at par.

In my opinion there has been no satisfactory showing made justifying the issue of \$10,000. of stock to pay promotion expenses and as consideration for the assignment of options to applicant. The order herein will authorize the issue of \$5,000. of stock for this purpose. The order will further authorize applicant to expend not exceeding 15 percent. of the proceeds from the sale of stock to pay commissions for selling the stock and to pay organization expenses, including cost of incorporation and attorney's fees. It is expected that applicant's stock will be sold at the least possible expense and that none of applicant's officers will make any profit through the sale of its securities. The Commission expects the stock to be sold at par for cash. In the event that a subscriber is unable to make full cash payment, the balance due may be noted on the subscription blank. Under no circumstances shall applicant accept notes in payment for stock sold, nor shall any stock be issued until fully paid for.

Any prospectus that may be issued, as well as any stock subscription, agreement or other literature distributed by applicant shall recite that the order of the Commission authorizing the issue of stock, is permissive only and does not constitute a recommendation or endorsement of the Railroad Commission of said stock.

I herewith submit the following form of order:-

O R D E R

STOCKTON COMMERCIAL WAREHOUSE COMPANY, 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 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 STOCKTON COMMERCIAL WAREHOUSE COMPANY be, and it is hereby, authorized to issue \$195,000. of its common capital stock.

The authority herein granted is subject to the following conditions:-

(1) \$5,000. of the stock herein authorized may be issued to Stanbrough and Burkett for the purposes recited in the preceding opinion.

(2) The remaining \$190,000. of stock shall be sold at par for cash, and the proceeds used as follows:-

(a) Not exceeding 15% of the proceeds to pay brokerage commissions and organization expenses, including attorney's fees.

(b) Not exceeding \$18,800. to pay for the real estate described in the foregoing opinion and in this application.

(c) Approximately \$140,000. to pay the cost of constructing the warehouse building referred to in this application.

(d) The balance of the proceeds may be used for working capital.

(3) Applicant shall file with the Commission the name and Post Office address of each stock subscriber, with the amount of stock subscribed and payments made by each subscriber.

(4) Applicant shall file with the Commission a copy of its prospectus, if any is printed and distributed, copy of its stock subscription agreement, and a copy of each and every agreement under the terms of which any individual or individuals are employed to act as agents or salesmen for applicant, to sell the stock herein authorized.

(5) On each stock subscription agreement and on any prospectus distributed by applicant, shall appear this language--

"While the Railroad Commission has authorized the issue and sale of this stock, its order is permissive only and does not constitute a recommendation or endorsement of the stock."

(6) STOCKTON COMMERCIAL 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.

(7) The authority herein granted will apply only to such stock as may be issued, sold and delivered 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 30th day of June, 1921.

W. B. Brundage

H. S. Loveland

Iving Martin

J. P. Jones

Commissioners.