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Decision No. ~~9999~~ 9797.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application)
of)
STARK STEAMSHIP LINES, INC., a cor-) Application Number 7349.
poration, for permit authorizing)
issuance of stock.)

John A. Sinclair, for Applicant.

BENEDICT, Commissioner.

O P I N I O N.

STARK STEAMSHIP LINES, INC., asks permission to issue 997 shares (\$99,700.00) of its capital stock.

Stark Steamship Lines, Inc., was organized on or about June 7, 1921, with an authorized stock issue of \$100,000.00 divided into 1,000 shares of the par value of \$100.00 each. None of its stock except shares necessary to qualify directors has been issued.

E. C. Coburn, applicant's president, testified that it was the company's intention at this time to charter and operate two vessels as carriers of freight between San Francisco and Portland, Oregon. His testimony shows that while the company at present intends to carry on only an interstate business, it is possible that in the future it may engage in intrastate business within the State of California. Applicant's articles of incorporation permit it to engage in intrastate business of a public utility character. It is for this reason that applicant has applied to this Commission for permission to issue its stock.

Applicant asks permission to issue \$15,000.00 of its stock to E. C. Coburn Company and F. M. Stark, in exchange for \$12,750.00, payable 25% in cash and the balance in 10 equal monthly installments. It is proposed to issue the \$15,000.00 of stock at \$85.00 per share. Stock in the amount of \$83,700. applicant intends to offer for sale at par, less a selling commission of 15% thereof, or at \$85. per share net. \$1,000.00 of its stock applicant asks permission to issue to John A. Sinclair in payment for legal services. E. C. Coburn testified that none of applicant's stock will be issued until it is fully paid.

Applicant asks permission to use \$59,000.00 of the proceeds from the sale of its stock to purchase and charter vessels and \$25,000.00 for working capital. At this time applicant is uncertain whether it will purchase vessels or charter the same. The order herein will permit applicant to do either.

Applicant has submitted a statement showing that \$14,805. is required to operate the Steamship "Georgina Rolph" or the "Annette Rolph" on one round trip from San Francisco to Portland. Applicant is, according to the record, considering a proposal to charter the two vessels mentioned. If it can acquire vessels on more satisfactory terms than charter vessels, it will do so.

Applicant does not intend to begin operations until it has \$25,000.00 in cash on hand from the sale of stock. E. C. Coburn testified that in his opinion no difficulty would be encountered in disposing of applicant's stock.

Applicant will be required to file with the Commission a copy of its prospectus covering the sale of its stock, if any is published, and a copy of its stock subscription agreement. Both must contain 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."

I herewith submit the following form of order:-

O R D E R

STARK STEAMSHIP LINES, INC., having applied to the Railroad Commission for permission to issue \$99,700.00 par value of 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 by applicant and that the expenditures authorized are not in whole or in part reasonably chargeable to operating expenses or to income:-

IT IS HEREBY ORDERED that STARK STEAMSHIP LINES INC. be, and it is hereby, authorized to issue on or before April 30, 1922, \$99,700.00 par value of its common capital stock.

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

- 1.---Stock in the amount of \$15,000.00 herein authorized to be issued may be delivered to E. C. Coburn Company and F. M. Stark in exchange for \$12,750. payable 25% in cash and the balance in ten equal monthly installments.
- 2.---Stock in the amount of \$1,000.00 herein authorized to be issued may be delivered to John A. Sinclair in payment for legal services.
- 3.---Stock in the amount of \$83,700.00 herein authorized to be issued may be sold by applicant for not less than par, less a selling commission of 15% thereof.

4---The net proceeds realized from the sale of the stock shall be used by applicant to purchase or charter vessels and for working capital, as outlined in this application.

5---Applicant shall file with the Commission a copy of its prospectus, if any is published, in connection with the sale of its stock, a copy of its stock subscription agreement and a copy of each and every agreement under the terms of which an individual or individuals are employed to act as agents or salesmen for applicant in selling the stock herein authorized.

6---On each stock subscription agreement and in any prospectus issued and 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 an endorsement of the stock."

7---Stark Steamship Lines, Inc., 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.

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 23rd day of November, 1921.

H. B. Sandica
James M. Astor
W. H. Jones
W. J. Leland
Commissioners.