

Decision No. 27981

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
FREIGHTERS, INC.,
a corporation, for authority to execute and deliver to Pacific National Bank of San Francisco certain promissory notes and a mortgage securing same and to enter into certain agreements with the Federal Reserve Bank of San Francisco in connection therewith.

ORIGINAL

Application No. 19957

J. Richard Townsend, for applicant.

BY THE COMMISSION:

O P I N I O N

This is an application by Freighters, Inc. for an order authorizing it to borrow the sum of \$15,000.00, and in connection therewith, to execute the following documents:-

1. A loan agreement between Freighters, Inc. and Federal Reserve Bank of San Francisco, a copy of which is filed in this proceeding as Exhibit "A".
2. Two promissory notes in the aggregate amount of \$15,000. payable to the order of Pacific National Bank of San Francisco, bearing interest at the rate of six per cent. per annum; one note to be in the principal amount of \$12,000.00 payable in monthly installments of \$800.00 commencing September 1, 1935 and continuing to and including November 1, 1936, and the other in the principal amount of \$3,000.00 payable in monthly installments of \$200.00 over the same period of time, copies of such notes being filed as Exhibits "B" and "C".

3. A mortgage of enrolled vessels, licensed vessels under twenty tons, other vessels and operative rights, from Freighters, Inc. to Pacific National Bank of San Francisco, a copy of which is filed as Exhibit "D"; and

4. A general pledge and collection agreement between Freighters, Inc. and Federal Reserve Bank of San Francisco, a copy of which is filed as Exhibit "E".

The company asks for authority in addition, at any time during the life of the loans referred to above, to mortgage to Pacific National Bank of San Francisco, any certificate of public convenience and necessity which may be granted to it.

The application indicates that pursuant to authority granted by the Commission by Decision No. 27592, dated December 17, 1934, in Application No. 19728, applicant on March 22, 1935 acquired and succeeded to the respective businesses and operative rights of Higgins Transportation Company, Larkin Transportation Company, Benjamin Walters, doing business under the firm names and styles of Island Transportation Company, Island Oil Transportation Company and Delta Transportation Company, Henry E. Hansen and Elmer M. Gormsen, co-partners doing business under the firm name and style of Stockton Transportation Company, R. H. Vehmeyer, doing business under the firm name and style of Vehmeyer Transportation Company, and P. F. Wood and R. W. Seitz, co-partners doing business under the firm name and style of Wood and Seitz, and that since that date has been engaged in the transportation of freight, by vessels, as a common carrier on San Francisco Bay, San Pablo Bay, Suisun Bay, the Sacramento River, the San Joaquin River and their tributaries.

It appears that the company acquired no cash nor current assets from its predecessors and that in order to carry on its operations it borrowed from Pacific National Bank of San Francisco for working capital the sum of \$10,000.00, evidenced by short term

promissory notes. The company now reports the necessity of additional working capital to the extent of \$5,000.00 and accordingly has made the arrangements, outlined in the application, to issue its secured notes and to borrow the sum of \$15,000.00 to repay the \$10,000.00 of short term notes now outstanding and to provide the additional cash working funds.

To secure the repayment of the indebtedness to be incurred, applicant proposes to execute a mortgage (Exhibit D) covering all of the operative rights it may have and all of its vessels, and all equipment and necessaries appertaining thereto, which vessels are The Dorothea, The Four Sisters, The John W. Higgins, The Larkin 6, The Service, The Surf, Tug S. F. Long, Tug Vehmeyer No. 5, Barge S. F. Long and Barge Vehmeyer No. 4. Applicant, in Exhibit "F", reports the original cost of the vessels at \$167,831.00 and the present value at \$104,640.00.

In addition to the properties described in the proposed mortgage applicant asks authority to mortgage hereafter any certificate of public convenience and necessity which may be granted to it prior to the repayment of the \$15,000.00 indebtedness referred to in this application. We do not believe that this request should be granted at this time. In the event that applicant at some time in the future acquires or is granted a certificate of public convenience and necessity, it may then renew its request for permission to mortgage the same.

ORDER

Freighters, Inc. having applied to the Railroad Commission for permission to issue \$15,000.00 of notes and to execute agreements, referred to in the foregoing opinion, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, that the application should be granted only as herein provided, and that the money, property or labor to be

procured or paid for through the issue of the notes is reasonably required for the purposes specified herein,

IT IS HEREBY ORDERED that Freighters, Inc. be, and it hereby is authorized, for the purpose of paying indebtedness and of providing working capital, to issue its two six per cent promissory notes in the total principal amount of \$15,000.00; one note to be for \$12,000.00 payable in monthly installments of \$800.00 commencing September 1, 1935, and the other to be for \$3,000.00 payable in monthly installments of \$200.00 commencing September 1, 1935, such notes to be substantially in the same form as those filed as Exhibits "B" and "C" in this proceeding.

IT IS HEREBY FURTHER ORDERED that Freighters, Inc. be, and it hereby is, authorized to execute and enter into a loan agreement, substantially in the same form as that filed as Exhibit "A" in this proceeding; a mortgage, substantially in the same form as that filed as Exhibit "D" in this proceeding; and a general pledge and collection agreement, substantially in the same form as that filed as Exhibit "E" in this proceeding, provided that the authority herein granted to execute and enter into the aforesaid instruments is for the purpose of this proceeding only, and is granted only insofar as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said instruments as to such other legal requirements to which they may be subject.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is subject to the following conditions:-

1. Applicant shall keep such record of the issue of the notes 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, insofar as applicable, is made a part of this order.

2. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee is Twenty-five (\$25.) Dollars.

DATED at San Francisco, California, this 20th day of May, 1935.

Leon A. Powell

W. J. Cunniff

M. B. Harris

W. H. [unclear]

Frank [unclear]

Commissioners.

Fee \$25⁰⁰/₁₀₀

RAILROAD COMMISSION
STATE OF CALIFORNIA

MAY 20 1935

[Signature]

SECRETARY

Fee # 31377