

Decision No. 22441

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTH END WAREHOUSE COMPANY)
for an order authorizing the accep-)
tance of a conveyance of real and)
personal property as a gift and as-) Application No. 20,038
suming encumbrances thereon and re-)
newing same.)

W. C. Sharpsteen, for applicant.

BY THE COMMISSION:

OPINION

ORIGINAL

South End Warehouse Company asks permission to issue \$122,980.70 of notes for the purpose of refunding indebtedness which it asks permission to assume and to which reference will be made hereafter.

South End Warehouse Company, a corporation, has \$145,600. of stock outstanding. This stock consists of \$100,000.00 par value of common and \$45,600.00 par value of 7% cumulative preferred. George W. Lamb and Marie L. Lamb are the owners as joint tenants of 820 shares of applicant's common stock and 207 shares of applicant's preferred stock. George W. Lamb as an individual owns 20 shares of the company's common stock and Marie L. Lamb, 40 shares. Together they own about 75% of the outstanding stock of applicant.

The South End Warehouse Company for 1934 reports revenues and expenses as follows:-

Operating revenue	\$341,027.80
Operating expenses	241,664.85
Net operating revenue	\$ 99,362.95
Nonoperating revenues	318.95
Gross income	\$ 99,681.90
Rent, interest, taxes, depreciation, insurance, etc.	\$ 55,745.55
Net income for year . . .	<u>\$ 43,936.35</u>

It is of record that said George W. Lamb and said Marie L. Lamb are the owners of certain real property which is being used by the South End Warehouse Company in the conduct of its business. They are also the owners of the assets and business known as "King & Company", engaged in the transportation of goods for hire on motor vehicles in the City and County of San Francisco.

They have offered to convey to applicant that certain real and personal property hereinafter described, as a gift provided applicant will assume and agrees to pay the indebtedness secured by the deeds of trust on said real property and that incurred by said George W. Lamb in conducting the business known as King & Company, the amount and character of which indebtedness is hereinafter recited. The properties and indebtedness to which reference has been made are as follows:-

PARCEL NO. 1. COMMENCING at a point on the southwesterly line of First Street distant thereon eighty (80) feet southeasterly from the southeasterly line of Bryant Street; running thence southeasterly and along said line of First Street eighty (80) feet to the northwesterly line of Federal Street; thence at a right angle southwesterly and along said line of Federal Street one hundred four (104) feet two (2) inches; thence at a right angle northwesterly eighty (80) feet; thence at a right angle northeasterly one hundred four (104) feet two (2) inches to the point of commencement. Being part of 100 Vara Lot No. 91,

subject to a deed of trust made by said George W. Lamb and Marie L. Lamb to Union Securities Corporation, as Trustee, the 25th day of September, 1930, to secure payment of a promissory note of the same date made by said George W. Lamb and Marie L. Lamb to Wells Fargo Bank and Union Trust Company for the sum of \$20,000. on which there is now due the sum of \$19,000.

PARCEL NO. 2. COMMENCING at the point of intersection of the northeasterly line of 2nd Street and the northwesterly line of Townsend Street; running thence northeasterly along said line of Townsend Street 137 feet 6 inches; thence at a right angle northwesterly 275 feet; thence at a right angle southwesterly 137 feet 6 inches to the northeasterly line of 2nd Street; thence at a right angle southeasterly along said line of 2nd Street 275 feet to the point of commencement. Being part of 100 Vara Lot No. 148,

subject to a deed of trust made by said George W. Lamb and Marie L. Lamb to Union Securities Corporation, as Trustee, the 16th day of October, 1931, to secure payment of promissory notes of the same date

made by said George W. Lamb and Marie L. Lamb to Wells Fargo Bank and Union Trust Company for the sum of \$70,000. on which there is now due the sum of \$68,000.

All of the assets of that certain business conducted by said George W. Lamb under the name of King & Company subject to the following obligations incurred by said George W. Lamb in conducting said business, to wit:

1. Promissory note for the sum of \$20,000. made the 25th day of March, 1935, by South End Warehouse Company to the Bank of California National Association and endorsed by said George W. Lamb payable in ninety days and bearing interest at the rate of 5% per annum, on which there is now due the sum of \$18,400.00.

2. Promissory note for the sum of \$33,304.46 made by George W. Lamb the 15th day of March, 1935, to International Harvester Company of America, payable in 24 monthly installments of \$1,383.00 each without interest on which there is now due the sum of \$29,043.00.

3. Conditional sales contract between Joseph Pierotti & Sons Company and King & Company for the purchase of three delivery automobiles and bodies to trucks purchased of International Harvester Company of America for the sum of \$8,815.92 the 28th day of February, 1935, payable in 24 monthly installments of \$330.34 each without interest on which there is now due \$6,937.70.

4. Accounts payable which on May 31, 1935 amounted to the sum of \$5,233.58.

5. Due Marie L. Lamb \$1,200.00.

Upon the assumption of the indebtedness applicant proposes to issue its own notes and execute its own contracts in payment of indebtedness assumed. It desires to issue to the Wells Fargo Bank and Union Trust Company its promissory note for the sum of \$87,000.00 payable in one year with interest at the rate of 6% per annum and to execute a deed of trust to secure the payment of such note. It also desires to issue a note to the International Harvester Company of America in the sum of \$29,043.00 and to Joseph Pierotti & Sons Company a contract in payment of \$6,937.70. Copies of the notes, deed of trust and contract are on file in this proceeding. We have examined the same and find them to be in satisfactory form.

O R D E R

South End Warehouse Company having asked permission to assume certain indebtedness and to issue and execute notes and contracts for the principal sum of \$122,980.70 and execute a deed of trust, the Commission having considered applicant's request and being of the opinion that this is not a matter in which a public hearing is necessary, that the money, property or labor to be procured or paid for through the assumption of the aforesaid indebtedness and the issue and execution of the notes and contracts hereinafter authorized is reasonably required by applicant for the purposes herein stated, therefore,

IT IS HEREBY ORDERED as follows:-

1. South End Warehouse Company may, on or before October 1, 1935, accept as a gift the properties described in the foregoing opinion and assume the payment of the indebtedness referred to in said opinion, and in Exhibit "E" and Exhibit "I" filed in this proceeding.
2. South End Warehouse Company may, on or before October 1, 1935, issue to Wells Fargo Bank and Union Trust Company its promissory note in the sum of \$87,000.00 payable in one year with interest at the rate of six per cent per annum, for the purpose of paying a note or notes now held by said bank, and assumed by applicant under the authority herein granted, and may also execute a deed of trust similar in form to the deed of trust filed in this proceeding as Exhibit K-2, for the purpose of securing the payment of the said \$87,000. note, provided that the authority herein granted to execute said deed of trust 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 deed of trust as to such other legal requirements to which said deed of trust may be subject.

3. South End Warehouse Company may, on or before October 1, 1935, execute to International Harvester Company of America its installment note for the sum of not exceeding \$29,043.00, said note to be issued upon the terms and conditions set forth in Exhibit "D" filed in this proceeding, and for the purpose of paying indebtedness now due said International Harvester Company of America.
4. South End Warehouse Company may, on or before October 1, 1935 execute a new contract with Joseph Pierotti & Sons Company in the sum of \$6,937.70, said contract to be upon the terms and conditions of the contract filed in this proceeding as Exhibit "E", for the purpose of paying indebtedness now due said Joseph Pierotti & Sons Company.
5. South End Warehouse Company shall within thirty (30) days after the exercise of the authority herein granted, file with the Railroad Commission a copy of the note issued to Wells Fargo Bank and Union Trust Company, a copy of the deed of trust executed under the authority herein granted, a copy of the note issued to International Harvester Company of America, and a copy of the contract executed with Joseph Pierotti & Sons Company.
6. That the authority herein granted shall become effective when South End Warehouse Company has paid the fee prescribed by Section 57 of the Public Utilities Act, which fee is One Hundred and Twenty-three (\$123.) Dollars.

DATED at San Francisco, California, this 8th day of July, 1935.

Fee \$123.00

[Signature]

Fee # 31527

[Signature]

[Signature]

[Signature]

[Signature]

Commissioners