

Decision No. 28433

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
NATIONAL ICE AND COLD STORAGE COMPANY )  
OF CALIFORNIA for an order authoriz- ) Application No. 20268  
ing applicant to issue 50,000 shares )  
of common stock without par value. )

Gavin McNab, Schmulowitz, Wyman, Aikins  
& Brune, by Nat Schmulowitz,  
for applicant.

BY THE COMMISSION:

OPINION AND ORDER

National Ice and Cold Storage Company of California on or about May 29, 1935 had an authorized capital stock of \$10,000,000. divided into 100,000 shares consisting of 50,000 shares of preferred stock of the par value of \$100. each and 50,000 shares of common stock of the par value of \$100. each. Of the authorized amounts it had issued \$1,149,500. of preferred stock and \$5,000,000. of common, a total of \$6,149,500.

The present application shows that recently the corporation has taken steps to change its authorized capital stock from \$10,000,000 to 100,000 shares, consisting of 50,000 shares of preferred stock of the par value of \$100. each and 50,000 shares of common stock without par value, and further, to reduce its stated capital from \$6,149,500. to \$1,149,501. to be represented by the aforesaid 11,495 shares of preferred stock (\$1,149,500. par value) and the 50,000 shares of common stock, the latter shares to be thus included in the stated capital, and carried on the books accordingly, at \$1.00.

It appears to have been applicant's intention in reducing its stated capital to eliminate from its books an item of \$3,023,600. heretofore carried for goodwill and to retire from its fixed capital accounts the amount (\$2,048,482.03) of appreciation which was charged against property accounts on December 31, 1914. Adjustments were made in some other accounts. The balance sheet of the company as of October 31, 1935, giving effect to the reductions, is reported as follows:-

#### A S S E T S

Plant and property:		
Land .....		\$1,066,323.69
Buildings .....	\$2,327,996.19	
Machinery and equipment .....	1,705,523.64	
Delivery and other equipment .....	165,385.49	
Furniture and fixtures .....	33,486.61	
	<u>\$4,232,391.93</u>	
LESS-Depreciation reserve .....	2,528,471.19	1,703,920.74
Total plant and property .....		<u>\$2,770,244.43</u>
Construction in progress .....		20,354.58
Investments .....		1,699,553.82
Sinking fund .....		5,279.00
Current assets .....		694,791.06
Deferred charges .....		<u>225,621.06</u>
Total .....		<u><u>\$5,415,843.95</u></u>

#### L I A B I L I T I E S

Common stock .....	\$	1.00
Preferred stock .....		1,149,500.00
First mortgage bonds .....		3,417,741.00
Notes payable .....		224,000.00
Due affiliated companies .....		12,221.97
Current liabilities .....		233,324.73
Deferred credits .....		13,701.53
Capital surplus .....		8,763.10
Surplus .....		<u>356,590.62</u>
Total .....		<u><u>\$5,415,843.95</u></u>

We are advised that after the reduction in the plant and property accounts the amounts remaining on the books represent the cost to the company of its properties.

The application shows that the company's plan to change its capital stock did not provide for the issue of any new shares of common stock without par value in exchange for the shares with the \$100. par value nor the issue of any new certificates to evidence the shares without par value, but that it is applicant's intention merely to advise the holders of its common stock that their rights had been modified, amended and altered and to endorse upon each certificate of stock representing the common shares, the following:-

"The rights of the holders of shares of the common stock of National Ice and Cold Storage Company of California have been modified, amended and altered, by a certificate of amendment of the articles of incorporation of said company, made in the manner authorized by law, under the terms of which said certificate the common stock now consists of 50,000 shares without par value."

Incidentally it might be noted that the holders of 49,625-1/2 shares of the outstanding 50,000 shares of common stock approved the change in the company's articles of incorporation and the reduction in the stated capital.

Applicant's plan involves no increase or change in the surplus available for distribution to its stockholders. While the resultant financial structure is not one which normally we would approve, it seems to us to be desirable for the company's books to reflect the cost of its plant and properties rather than appreciated values, as appears to have been the case heretofore. The Commission is 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 issue of the stock herein authorized to be issued, is reasonably required by applicant for the purpose herein stated, that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

and that an order should be entered accordingly, therefore,

IT IS HEREBY ORDERED that National Ice and Cold Storage Company of California be, and it hereby is, authorized to change its authorized and outstanding common capital stock from 50,000 shares of the par value of \$100. each to 50,000 shares without par value, and, if it so desires, to issue 50,000 shares of common stock without par value in exchange for the 50,000 shares of the par value of \$100. each heretofore outstanding, such exchange to be on a basis of share for share, or place the above mentioned endorsement on its outstanding common stock certificates.

DATED at San Francisco, California, this 9<sup>th</sup> day of December, 1935.

Leon A. Whedell

H. H. Lee

M. B. Harris

W. H. H. H.

Frank A. H. H.

Commissioners.