

Decision No. 28434

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
FREIGHTERS, INC.,
a corporation, for authority to exe-
cute and deliver to Pacific National
Bank of San Francisco two mortgages
securing certain promissory notes and
loans.

Application No. 20277

J. Richard Townsend, for applicant.

BY THE COMMISSION:

O P I N I O N

Freighters, Inc. has applied to the Railroad Commission for permission to execute two mortgages of certain of its vessels.

The company since March 22, 1935 has been engaged in operating vessels as a common carrier of freight on San Francisco Bay, San Pablo Bay, Suisun Bay, and the Sacramento and San Joaquin Rivers and their tributaries. In Exhibit "G" it reports its assets and liabilities, as of September 30, 1935, as follows:-

ASSETS

Line and automotive equipment.....	\$175,891.61	
LESS-Reserve for depreciation.....	72,692.10	\$103,199.51
Furniture and fixtures.....		110.73
Organization expense		8,638.80
Cash and special deposits		2,416.77
Accounts receivable		1,548.03
Deferred charges		3,808.64
Total.....		<u>\$119,722.48</u>

LIABILITIES

Secured notes payable to bank	\$ 15,000.00
Trade accounts payable	15,010.70
Unpaid salaries and wages	6,601.00
Other current liabilities.....	1,310.64
Capital stock	104,650.00
Sub-total.....	<u>\$142,572.34</u>
LESS-Deficit	22,849.86
Total.....	<u>\$119,722.48</u>

In a former proceeding, Application No. 19957, it developed that the company acquired no cash or current assets when it succeeded to the properties and operations of its predecessors and that it was necessary for it to borrow \$15,000. from Pacific National Bank of San Francisco to provide working cash capital. By Decision No. 27981, dated May 20, 1935, the Commission authorized the company to execute a mortgage to secure the payment of the \$15,000. indebtedness, which indebtedness is represented by two 6% notes; one for \$12,000. and one for \$3,000., both due on November 1, 1936.

The present application shows that for a period of approximately three months of this year the operation of applicant's vessels was prevented by a strike of certain of its employees and that as a result it lost substantial revenues and incurred operating losses which exhausted the \$15,000. originally borrowed for working capital. On November 7, 1935 it entered into a loan agreement with Federal Reserve Bank of San Francisco to obtain additional funds and pursuant thereto borrowed \$3,000. on November 7, 1935, and \$1,325.88 on November 13, 1935, both being evidenced by 6% notes due November 1, 1936. It is contemplated that under the agreement the bank will, at any time prior to February 1, 1936, upon request of the company, loan to it, in addition, up to \$4,164.54 to be represented also by a 6% note due November 1, 1936.

The company reports that the amounts borrowed from Federal Reserve Bank of San Francisco have been and/or will be used for the payment of claims outstanding against it which constitute maritime liens upon its vessels, and for the payment of current expenses incurred in its operations.

It desires, however, to secure the payment of its indebtedness by the execution of two mortgages; one (Exhibit D) designated as "Preferred mortgage of documented vessels", and the other (Exhibit E) designated as "Chattel mortgage of licensed vessels under twenty tons". These instruments, it appears, will secure the payment of the two notes aggregating \$15,000. now outstanding and authorized by Decision No. 27981, the \$3,000. note issued on November 7, 1935, the \$1,385.88 note issued on November 13, 1935, the note or notes for \$4,164.54 which hereafter may be issued under the loan agreement, as indicated herein, and all sums hereafter loaned or advanced to applicant by Pacific National Bank of San Francisco or Federal Reserve Bank of San Francisco, whether or not evidenced by promissory notes, but not in excess of \$20,000.

It appears that the notes heretofore issued, as above, and those contemplated, by their terms mature on or before one year after dates of issue. No request accordingly is made in this application for authority to issue notes and the permission herein granted will be limited to the execution of the two mortgages.

O R D E R

Freighters, Inc. having applied to the Railroad Commission for permission to execute mortgages, and the Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the application should be granted, as herein provided,

IT IS HEREBY ORDERED that Freighters, Inc. be, and it hereby is, authorized to execute, on or before March 1, 1936, two mortgages substantially in the same form as those filed as Exhibits D and E attached to the petition filed in this proceeding, provided

that the authority herein granted to execute mortgages 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 mortgages as to such other legal requirements to which they may be subject.

IT IS HEREBY FURTHER ORDERED that Freighters, Inc. shall within thirty(30) days after the execution of said mortgages, file with the Commission a true and correct copy of each of said mortgages.

DATED at San Francisco, California, this 9th day of December, 1935.

John A. White
W. A. Cunn
W. B. Lewis
Walter A. Brown
Frank R. Brown

Commissioners.