

Decision No. 29058

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
NEW LEBEC HOTEL CORPORATION) Application No. 20709
for permission to issue securities.)

M. C. Kress, for applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

In this application the New Lebec Hotel Corporation asks permission to issue 2,500 shares of its common capital stock at \$10. per share for the purpose of obtaining funds to make the initial payment on the purchase price of certain properties and to conduct its business.

The New Lebec Hotel Corporation is a corporation organized under and by virtue of the laws of the State of California. It has an authorized common capital stock issue of 5,000 shares of no par value. It is the intention of the corporation to acquire and operate what is known as the Lebec Properties situate at Lebec, Kern County, State of California. These properties consist of approximately 2,000 acres of real property, a large stucco hotel containing approximately 35 rooms furnished, a stone building approximately 150'x100' containing a well equipped cafe and cocktail lounge, a grocery store and meat market, a service station and garage, and the water works.

The New Lebec Hotel Corporation has agreed to pay for the properties \$100,000.00, of which \$10,000.00 is payable in cash and \$90,000.00 over a period of time, as indicated by the Commission's

Decision No. 29034, dated August 7, 1936, in Application No. 20688.

It appears that the historical cost of the properties and their appraised value is substantially in excess of the amount being paid therefor by the New Lebec Hotel Corporation.

As stated, applicant desires to use the proceeds realized from the sale of the 2500 shares of common capital stock to make the initial payment due on the purchase price of the properties and to conduct its business. Inasmuch as the public utility water business which will be conducted by the New Lebec Hotel Corporation is incidental to its hotel and other business, we have no objection to the company issuing its common stock on a basis of \$10. per share.

O R D E R

The New Lebec Hotel Corporation having asked permission to issue 2500 shares of its common capital stock for the purposes set forth in the foregoing opinion, 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 and that the money, property or labor to be procured or paid for by the issue of said stock is reasonably required for the purposes herein stated and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that New Lebec Hotel Corporation be, and it is hereby, authorized to issue and sell, on or before June 30, 1937, at not less than \$10. per share for cash, 2500 shares of its common capital stock and use the proceeds realized from the sale of said stock to make the initial payment on the purchase price of its properties and to conduct and operate its business.

IT IS HEREBY FURTHER ORDERED that New Lebec Hotel Corporation shall keep such record of the issue, sale and delivery of the stock herein authorized to be issued and of the distribution 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.

DATED at San Francisco, California, this 17th day of August, 1936.

M. B. Harris
Leon White
M. A. Cunn
Arthur H. H. H.
Frank R. Reine
Commissioners.