

Decision No. 21385

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
THE CALIFORNIA TRANSPORTATION COMPANY )  
for permission to issue shares of stock ) Application No. 21385  
referred to in the Plan of Reorganization )  
of said corporation under the provisions )  
of Section 77-B of the Federal Bank- )  
ruptcy Act. )

BY THE COMMISSION:

**ORIGINAL**

O P I N I O N

This is an application for an order of the Railroad Commission authorizing The California Transportation Company to issue certain shares of its capital stock for the purpose of carrying into effect its proposed plan for reorganization of its affairs.

Heretofore the company filed in the District Court of the United States for the Northern District of California, Southern Division, its petition for a reorganization under the provisions of Section 77-B of the National Bankruptcy Act. The plan for reorganization thereafter was referred by the Federal Court to this Commission to determine whether or not the public interest would be affected.

On May 10, 1937, the Commission entered its order (Decision No. 29746 on Application No. 20459) as follows:

"The Railroad Commission of the State of California Finds and Declares that the proposed reorganization plan of The California Transportation Company filed in this proceeding as Exhibit B and Exhibit C, is in the public interest and should be approved in so far as the Railroad Commission may have jurisdiction and that upon the approval of said plan by said court and the filing of an appropriate application with the Railroad Commission, it will enter its order authorizing said The California Transportation Company to issue stock for the purpose of carrying said reorganization plan into effect."

In the present application the Commission is advised that the Federal Court has approved the reorganization plan and is furnished, as Exhibit B, a copy of the decree confirming the plan. To complete the transaction the company now desires to issue its stock in the amounts set forth in the plan and accordingly has made the present request for an order from this Commission for permission to issue 5,790 shares of first preferred stock, 5,790 shares of second preferred stock, 10,000 shares of third preferred stock and 5,000 shares of no par value common stock.

All shares of preferred stock will have a par value of \$50 each and will carry a cumulative dividend at the rate of 3 per cent per annum from January 1, 1938. The first and second preferred stock, amounting to a total par value of \$579,000, will be issued to the holders of the company's \$579,000 of outstanding 6 per cent bonds. The third preferred stock will be issued to unsecured creditors in par value equal to the principal of their claims approved by this court. The no par common stock will be issued to the holders of the common stock now outstanding in the ratio of one share no par stock for each five shares of stock (of the par value of \$100 a share) now outstanding.

We have been advised that the plan for reorganization has been approved by the company's principal creditors. It is to be noted that the plan provides for the conversion of substantially all of the company's debts into preferred stock, reduces its annual charges and makes provision, in the company's amended articles of incorporation, for the redemption of the preferred stocks.

An order authorizing the issue of stock as requested will be entered.

O R D E R

The California Transportation Company having applied to the Railroad Commission for an order authorizing the issue of stock, and the Commission 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 through such issue is reasonably required for the purpose specified herein, which purpose is not, in whole or in part reasonably chargeable to operating expense or to income,

IT IS HEREBY ORDERED that The California Transportation Company be and it hereby is authorized to issue on or before December 31, 1937, not exceeding 5,790 shares of first preferred stock of the par value of \$50 a share, 5,790 shares of second preferred stock of the par value of \$50 a share, 10,000 shares of third preferred stock of the par value of \$50 a share, and 5,000 shares of no par value common stock for the purpose of carrying into effect the company's plan for reorganization referred to in this proceeding and in Application No. 20459, provided

1. That applicant shall keep such record of the issue of the stock herein authorized as will enable it to file within thirty days after such issue a verified report as required by the Commission's General Order No. 24-A, which order in so far as applicable is made a part of this order, and

2. That the authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 2<sup>d</sup> day of

August, 1937.

Walter S. Hayes  
James R. Quinn  
Ralph W. H. ...  
Commissioners.