

Decision No. 30188

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
FARMERS ALLIANCE BUSINESS ASSOCIATION,)
a California corporation, for permit)
to issue special dividends from earned) Application No. 21468
surplus.)

Webster and Lyon, for applicant.

BY THE COMMISSION:

O P I N I O N

Farmers Alliance Business Association, a corporation, asks permission to issue 1976 shares (\$19,760.00 par value) of common stock and distribute such stock as a stock dividend.

Applicant is engaged in the business of warehousing wheat, barley and other grains in the Paso Robles District in San Luis Obispo County, and the buying and selling of same and in handling at wholesale and retail feed and grain.

The Farmers Alliance Business Association is a corporation organized under the laws of the State of California on June 20, 1891. By its original articles of incorporation it was created for a term of 50 years and had an authorized stock issue of \$20,000.00 divided into 2000 shares of the par value of \$10.00 each. On or about June 12, 1937 the corporation amended its articles of incorporation. The amendments give the corporation a perpetual existence and increase its authorized stock issue to \$75,000.00 par value divided into 7500 shares at \$10.00 each.

ORIGINAL

As of August 31, 1937 the company reports assets and liabilities as follows:-

<u>ASSETS</u>	
Cash	\$ 137.00
Cash on deposit	9,472.92
Notes receivable	1,765.04
Accounts receivable	29,970.92
Feed, grain, bag and twine inventory	20,660.44
Prepaid insurance	339.43
Delivery truck	955.95
Furniture and fixtures	740.02
Machinery	8,572.96
Buildings	44,568.53
Advance to stockholder	120.00
Total assets.....	<u>\$117,503.21</u>

<u>LIABILITIES</u>	
Capital stock issued	\$ 19,760.00
Notes payable	7,600.00
Accounts payable	11,965.80
Sales tax	16.30
Unemployment insurance	111.48
Old age annuity	60.18
Reserve for bad debts	5,761.19
Reserve for depreciation	23,334.64
Surplus	32,644.40
Profit-net for current year	16,249.22
Total liabilities.	<u>\$117,503.21</u>

An analysis of applicant's records shows that its earned surplus is in excess of \$19,760.00 and that such surplus is invested in its properties and business. We therefore believe that applicant should be authorized to issue \$19,760.00 par value of its common capital stock for the purpose of reimbursing its treasury because of earnings invested in its properties and business. Upon the reimbursement of the treasury in the amount indicated the stock may be distributed as a stock dividend, as provided by law.

ORDER

Farmers Alliance Business Association, a corporation, having asked permission to issue \$19,760.00 par value of its common capital

stock consisting of 1976 shares, and 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 by the issue of said stock is reasonably required by applicant for the purpose herein stated and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED that Farmers Alliance Business Association be, and it is hereby, authorized to issue on or before December 31, 1937 for the purpose of reimbursing its treasury because of surplus earnings invested in its properties and business, 1976 shares (\$19,760.00 par value) of its common capital stock and distribute such stock after the reimbursement of its treasury to its stockholders as a stock dividend, as provided by law.

IT IS HEREBY FURTHER ORDERED that the authority herein granted shall become effective upon the date hereof.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the issue of said stock, Farmers Alliance Business Association shall file with the Railroad Commission a report showing the names of its stockholders to whom such stock was issued and the number of shares issued to each stockholder.

DATED at San Francisco, California, this 4th day of October, 1937.

Robert C. Brown
Leon S. Caldwell
Frank R. Nelson
Paul W. Hubert
Ray L. Wiley

Commissioners.