

Decision No. 32171

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
LAWRENCE WAREHOUSE COMPANY,
a corporation, for an order authoriz-
ing the issuance of 9,999 shares of
\$10.00 Par Value Convertible Preferred
Stock for cash, and 3,333 shares of
No Par Common Stock to be exchanged
for said Preferred Stock at the re-
quest of the holders thereof.

ORIGINAL

Application No. 22840

BY THE COMMISSION:

O P I N I O N

In this application the Railroad Commission is asked to make its order authorizing Lawrence Warehouse Company-

1. To issue and sell at par for cash, 9,999 shares of its 6% convertible preferred stock of a par value of \$10.00 per share, and to use the proceeds thereof to reduce its outstanding bank loans and to provide additional working capital to carry its accounts receivable and improve its facilities and services;

2. To issue 3,333 shares of its no par common stock to be held by the corporation in its treasury to be exchanged for convertible preferred stock on the basis of three shares of preferred stock for one share of common stock at the request of the holders of said preferred stock.

Applicant, Lawrence Warehouse Company, was incorporated under the laws of the State of California on or about June 27, 1913. It is engaged in the business of public warehousing in the State of California, and operates, according to its petition, about seven hundred and fifty field warehouses in forty-two states of the United States and in the territory of Hawaii and in the Dominion of Canada. For 1938 applicant reports warehouse revenues of \$30,623.13 and non-

operating revenues of \$3,067,216.10. Its net income amounted to \$113,816.03.

Under the authority granted by Decision No. 28624, dated March 9, 1936, on Application No. 20362, applicant issued 20,001 shares of 6% convertible preferred stock, par value of \$10.00 per share, of which 9,369 shares have been converted to 3,123 shares of common stock, and 1,907 shares of the convertible preferred have been redeemed and cancelled in accordance with the sinking fund provisions of applicant's articles of incorporation, thus leaving 8,725 shares of 6% convertible preferred stock issued and outstanding at the present time.

Applicant has now issued and outstanding 23,123 shares of no par common stock, of which 20,000 shares were issued under the authority granted by Decision No. 28585, dated February 19, 1936 on Application No. 20362 and 3,123 shares were issued under the authority granted by Decision No. 28624, dated March 9, 1936, on Application No. 20362, in exchange for 9,369 shares of convertible preferred stock, as aforesaid.

In Exhibit "C" filed in this proceeding, applicant as of May 31, 1939, reports its assets and liabilities as follows:-

A S S E T S

Warehouse property and equipment	\$ 94,013.68
Other property	266,382.97
Investment in securities	55,317.04
Cash	69,792.97
Special deposits	10,073.42
Notes receivable	21,765.19
Accounts receivable:	
A. Advances for customers	30.76
B. Due on storage charges	38,207.03
C. Other accounts receivable	593,227.52
Materials and supplies	25,029.30
Prepayments	17,948.90
Other debit accounts	<u>3,243.36</u>
Total assets	<u>\$1,195,032.14</u>

LIABILITIES

Capital stock:		\$386,610.00
8,725 shares 6% convertible preferred-		
par \$10.	\$87,250.00	
23,123 shares common-no par	<u>299,360.00</u>	
Indebtedness due affiliated companies		<u>(74,679.53)</u>
Notes payable		359,730.00
Accounts payable		19,926.76
Accrued liabilities not due		100,505.44
Reserve for accrued depreciation		37,290.93
Other reserves		8,000.00
Reserve for sinking fund for retirement of preferred stock		19,069.11
Other credit accounts		10,757.02
Profit and loss-Balance		63,267.04
Capital surplus		50,000.00
Paid in surplus		<u>214,555.37</u>
Total liabilities		<u>\$1,195,032.14</u>

(Red)

Applicant is indebted to the Bank of California, National Association in the amount of \$353,330.00. Of this indebtedness, \$346,330.00 is represented by 5% demand notes and \$7,000.00 by a 4% term note, due August 7, 1939. The order herein will authorize applicant to use the proceeds realized from the sale of the 9,999 shares of preferred stock to pay in part said bank notes.

Upon reading applicant's balance sheet it will be observed that affiliated companies are indebted to it in the sum of \$74,679.53. Applicant should collect this sum and apply it to the payment of indebtedness before it issues any more preferred stock.

ORDER

Lawrence Warehouse Company, having applied to the Railroad Commission for an order (1) authorizing the issue and sale of 9,999 shares of \$10.00 par value convertible preferred stock; and (2) auth-

orizing the issue of 3,333 shares of no par common stock to be held by the corporation in its treasury, to be exchanged for convertible preferred stock on the basis of three shares of preferred for one share of common stock, at the request of the holders of said preferred stock, and the Commission having considered applicant's requests and it 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 through the issue of said stock is reasonably required for the purposes specified herein, that the expenditures for such purposes are not in whole or in part, reasonably chargeable to operating expense or to income, and that this application should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED as follows:-

1. Lawrence Warehouse Company may, after the effective date hereof and on or before December 31, 1939, issue and sell at not less than par for cash, 9,999 shares of its \$10.00 par value convertible preferred stock and use the proceeds to pay outstanding notes.

2. Lawrence Warehouse Company may issue not exceeding 3,333 shares of its no par common stock to be held in its treasury until exchanged for said convertible preferred stock, on the basis of three shares of convertible preferred stock for one share of said no par common stock, at the request of the holders of said preferred stock.

3. Lawrence Warehouse Company shall keep such record of the issue of the stock herein authorized, and of the disposition 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-a, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted to issue stock will become effective when applicant has collected the sum due it from affiliated companies and used said sum to pay indebtedness.

5. Each monthly General Order No. 24-A report, required to be filed with the Commission, shall be accompanied by a copy of applicant's balance sheet as of the close of the month for which said General Order No. 24-A report is filed.

DATED at San Francisco, California, this 18th day of July, 1939.

James R. Quinn
Ray A. Carey
H. B. Hall
Justus J. Casper
COMMISSIONERS