

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 STEARNS WHARF COMPANY,
 a corporation, for an order authorizing it to issue shares having no-par value in exchange for shares of its par value stock now issued and outstanding.

Application No. 23251

BY THE COMMISSION:

O P I N I O N

This is an application by Stearns Wharf Company, a corporation, for an order authorizing it to issue 3000 shares of common stock, without par value, in exchange, on a share for share basis, for 3000 shares of common stock of the par value of \$100 each now outstanding.

Stearns Wharf Company is a corporation engaged in the business of operating a public wharf in the City of Santa Barbara. It was organized under the laws of the State of California on or about October 31, 1887. (1) It now has an authorized and outstanding common stock issue of \$300,000 divided into 3000 shares of the par value of \$100 each. As of December 31, 1939 its assets and liabilities appear as follows:-

ASSETS

Fixed capital	\$ 274,941.64
Securities of other corporations	76,750.47
Accrued income	588.36
Cash on hand and in bank	12,901.23
Accounts receivable	1,176.92
Materials	52.34
Prepayments	5,043.15
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Total assets	<u>\$ 371,454.11</u>

(1) On December 8, 1936 the Articles of Incorporation were amended so as to provide that the company shall have perpetual existence.

LIABILITIES

Capital stock-par	\$300,000.00	
Less: Discount	<u>150,000.00</u>	\$150,000.00
Reserve for depreciation		223,358.38
Unemployment and pension funds		163.56
Paid-in surplus		99,438.38
Deficit		<u>(101,506.21)</u>
	Total liabilities	<u>\$371,454.11</u>

(Red)

The paid-in surplus of \$99,438.38 represents moneys advanced to the corporation by its stockholders in 1928 to pay the cost of rebuilding the wharf.

It is the company's present plan to amend its Articles of Incorporation so as to provide for an authorized capital stock of 3,000 shares without par value, instead of 3000 shares with a par value of \$100 each, to issue its shares without par value in exchange for the shares now outstanding, on a share for share basis, and thereafter to reduce its stated capital from \$300,000 to \$75,000.

The reduction in the stated capital as proposed will create a surplus of \$225,000 which applicant reports it intends to use as follows:-

To wipe out present stock discount	\$150,000.00
To reduce deficit	2,067.83
To remain as reduction surplus	<u>72,932.17</u>
Total	<u>\$225,000.00</u>

The credit of \$2,067.83 against the deficit will leave as the accumulated deficit the sum of \$99,438.38 which, it appears, will be offset by the present paid-in surplus so that the result of the proposed transaction will be the elimination from the company's balance sheet of the present stock discount, corporate deficit and paid-in surplus accounts and the setting up of a reduction surplus of \$72,932.17 and of capital stock at a stated value of \$75,000.

The Commission has considered this application and is of the opinion that a public hearing is not necessary in this matter and that an order should be entered at the time authorizing the issue of shares of stock.

ORDER

Stearns Wharf Company, a corporation, having applied to the Railroad Commission for an order authorizing the issue of 3,000 shares of stock and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required for the purpose specified herein, and that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided,

IT IS HEREBY ORDERED that Stearns Wharf Company, a corporation, be, and it hereby is, authorized to issue, after the effective date hereof and on or before June 30, 1940, not exceeding 3,000 shares of common stock, without par value, and with an aggregate stated value of \$75,000, in exchange on a share for share basis, for 3,000 shares of common stock of the par value of \$100 each, now outstanding.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will not become effective until Stearns Wharf Company, a corporation, has filed with the Commission a certified copy of its amended Articles of Incorporation providing for the issue of said 3,000 shares of stock, without par value.

IT IS HEREBY FURTHER ORDERED that Stearns Wharf Company, a corporation, shall file with the Commission, within thirty (30) days after the issue of the stock herein authorized, a statement showing the names of those to whom the stock was issued and the amount of stock issued to each.

IT IS HEREBY FURTHER ORDERED that Stearns Wharf Company, a corporation, shall file with the Commission, on or before July 15, 1940, a copy of each journal entry used to record on its books the issue of the stock herein authorized, and the reduction in the stated value of its stock.

DATED at San Francisco, California, this 6th day of February, 1940.

Ray L. Riley
James P. ...
H. J. ...
Justin J. Casner
COMMISSIONERS