

Decision No. 33528

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
VALLEY COMPRESS COMPANY,
a California corporation, for an
order authorizing the issuance of
50,000 shares of the capital stock
of said corporation.

ORIGINAL

Application No. 23528

BY THE COMMISSION:

O P I N I O N

In this proceeding Valley Compress Company asks permission to issue 1000 shares of its common capital stock in exchange for 1000 shares now outstanding and to issue and sell at par for cash, 49,000 shares of its common capital stock of the par value of \$1 per share to reimburse its treasury because of income expended in the conduct of its business.

Valley Compress Company is engaged in the business of owning, operating and conducting a warehousing and cotton compressing business at Pinedale, Fresno County, California. The Railroad Commission by Decision No. 31510, dated December 5, 1938, in Application No. 22289, authorized P. H. Bottoms and Cecil F. White, co-partners doing business under the firm name and style of Valley Compress Company, to sell their public utility warehouse properties to the Valley Compress Company, a corporation. Under a permit obtained from the Commissioner of Corporations it issued 60,000 shares of 6% cumulative preferred stock of the aggregate par value of \$60,000 and 1,000 shares of common stock of the aggregate par value of \$1,000. The articles of incorporation of the company at the time provided that the preferred stock may be redeemed at any time, in whole or in part, at the option

of the company, at \$1.05 a share plus all accrued and unpaid dividends.

It is of record that Valley Compress Company has exercised its option and on September 10, 1939, at an expense of \$65,100, redeemed its preferred stock.

The company has presently outstanding only \$1,000 of stock. It has amended its articles of incorporation and under such articles it is authorized to issue not exceeding 100,000 shares of common stock of the par value of \$1 each. The company now proposes to issue 49,000 shares of its common stock for cash, at \$1 per share, and to exchange 1,000 shares for the 1,000 shares now outstanding.

As of May 31, 1940, the Valley Compress Company reported assets and liabilities as follows:

<u>A S S E T S</u>		
Fixed capital		\$127,714.43
Land	\$1,775.06	
Buildings, machinery, equipment, furniture and fixtures	145,482.81	
Less: Reserves for depreciation	<u>19,543.44</u>	
Investments		39,381.00
Stock, Valley Cotton Finance Corporation	\$30,000.00	
Equities, government loan, cotton	<u>9,381.00</u>	
Current assets		119,667.05
Cash in bank and on hand	\$ 1,036.65	
Accounts receivable	110,379.45	
Inventories	<u>8,250.95</u>	
Prepayments		6,551.22
Prepaid insurance	\$ 6,086.67	
Prepaid rent	300.00	
Prepaid taxes	<u>164.55</u>	
Total assets		<u>\$292,313.70</u>
<u>LIABILITIES</u>		
Capital stock		\$ 1,000.00
Long term debt, installment note		72,541.34
Current liabilities		118,452.12
Notes payable	\$87,000.00	
Accounts payable	27,338.92	
Contracts payable-insurance	<u>4,113.20</u>	
Reserves for outhandling of stored cotton		5,321.66
Surplus		<u>95,498.58</u>
Total liabilities		<u>\$293,313.70</u>

An analysis of the company's financial statement indicates that its surplus has been earned and invested in its business.

O R D E R

Valley Compress Company, a corporation, having asked permission to issue \$50,000 par value of its common capital stock, the Commission having considered the request of applicant and it being of the opinion that this is not a matter on which a hearing is necessary, 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 said purposes are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted, subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED that Valley Compress Company be, and it is hereby, authorized to issue on or before August 15, 1940, 50,000 shares of its common capital stock of the par value of \$1 per share, 1000 shares of said stock to be exchanged for 1000 shares of common stock now outstanding and 49,000 shares of said stock to be sold for cash at not less than par, and the proceeds used to reimburse applicant's treasury because of income expended for the acquisition of properties.

IT IS HEREBY FURTHER ORDERED that within thirty(30) days after the issue of said stock, Valley Compress Company shall file with the Railroad Commission a report showing the number of shares of stock issued under the authority herein granted, the names of the persons to whom said shares of stock were issued, the number of shares of stock issued to each of said persons, and the consideration received for the issue of said shares of stock.

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

DATED at San Francisco, California, this 25th day of June, 1940.

Ray & Percy
Franklin
Ray & Percy
Franklin

COMMISSIONERS