

ORIGINAL

Decision No. 34807

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of the

MARE ISLAND FERRY,
a corporation, for an order au-
thorizing it to issue stock in
payment of dividend.

Application No. 24571

Peter tum Suden, for Applicant

BY THE COMMISSION:

O P I N I O N

In this proceeding Mare Island Ferry, a California corporation, asks permission to issue \$50,050 par value of common stock and distribute the same to its stockholders as a stock dividend.

Mare Island Ferry, hereinafter sometimes referred to as applicant, is engaged in operating ferries across the Mare Island Straits between the Navy Yard of the United States Govern- ment and the City of Vallejo.

Applicant has recently amended its Articles of Incorporation and, as amended, such Articles of Incorporation provide for an authorized stock issue of 25,000 shares, par value of \$10 each. Stock in the amount of \$50,050 is now outstanding. This stock is owned by the following:

Estate of Gertrude Raahauge	4,000	shares
Mrs. Oscar Klatt	1,000	"
<i>Ray</i> Anna Raahauge	3	"
Peter tum Suden	2	"

10/21/41

It is of record that all of applicant's stockholders have agreed to the increase of applicant's stock and the issue at this time of \$50,050 par value of such stock.

As of August 31, 1941, applicant reports assets and liabilities as follows:

Assets

Land	\$	2,500.00
Floating equipment, wharves, terminals, shop equipment, furniture and fixtures		88,889.16
Original cost	\$148,901.52	
Original cost less accrued depreciation	<u>60,012.36</u>	
Investments		12,498.23
Cash		22,552.21
Gasoline tax refund receivable		88.14
Insurance claims receivable		423.11
U.S. Navy Yard Deposit		66.35
Unexpired insurance		4,180.85
Prepaid taxes		100.00
Solano County franchise		1,412.95
Ships' supplies & parts		937.60
Organization expenses		<u>3,913.20</u>
Total Assets	\$	<u>137,561.80</u>

Liabilities

Capital stock outstanding	\$	50,050.00
Accounts payable		8,898.13
Amount due Fairbanks Morse on two engines		11,079.84
Reserve for pay roll taxes		388.24
Reserve for Federal income tax		831.72
Surplus		<u>66,313.87</u>
Total Liabilities	\$	<u>137,561.80</u>

It is of record that since July, 1940 applicant's business shows a large increase. The growth of applicant's business is caused by the increase in the number of employees at the Mare Island Navy Yard and the increase in the personnel of the Navy Department at said Mare Island Navy Yard. Since July, 1940 applicant has acquired, at a cost of \$57,791.81, four motor boats

each having a capacity of about 200 passengers. It has now under construction two additional motor boats of the same capacity. These boats are estimated to cost from \$15,000 to \$16,000 each. Applicant has found it necessary to rent motor boats from the Crowley Launch and Tugboat Company and has recently concluded an agreement with the United States Government for the use of three additional boats until such time as it can place in operation its boats now under construction. Applicant has used surplus earnings to pay the cost of the four boats which it has acquired and placed in operation since July, 1940, and also expects to use surplus earnings to pay the cost of the two boats now under construction. Its net profit, before federal taxes, for the eight months ending August 31, 1941 is reported at \$50,355.77. Its net profit for the current year, before federal taxes, is estimated at \$80,000, and its net profit, after such taxes, at \$40,000. It is because of the fact that applicant has invested its surplus earnings in its properties that it asks permission to issue \$50,050 par value of common stock and to distribute such stock to its stockholders as a stock dividend.

We believe that applicant should be permitted to issue such stock for the purpose of reimbursing its treasury because of income expended for the acquisition of properties.

O R D E R

Mare Island Ferry having asked permission to issue \$50,050 par value of its common capital stock, a public hearing having been held before Examiner Fankhauser, the Commission having considered the testimony submitted at such hearing and it being of the opinion that Mare Island Ferry should be authorized

to issue \$50,050 par value of its common capital stock for the purpose of reimbursing its treasury because of income expended for the acquisition of properties; that the money, property or labor to be procured or paid for through the issue of said stock is reasonably required for said purpose, and that the expenditures for said purpose are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore

IT IS HEREBY ORDERED that Mare Island Ferry be, and it is hereby, authorized to issue, on or before December 31, 1941, at not less than par, \$50,050 par value of its common capital stock for the purpose of reimbursing its treasury because of income expended for the acquisition of properties, and thereafter distribute such stock to its stockholders as a stock dividend.

IT IS HEREBY FURTHER ORDERED that within thirty (30) days after the issue of said stock, Mare Island Ferry shall file with the Railroad Commission a statement showing the number of shares of stock issued under the authority herein granted, the persons to whom said shares of stock were issued, and the number of shares of stock issued to each of said persons.

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

Dated at San Francisco, California, this 2nd day of December, 1941.

[Signature]
[Signature]
Justus D. Coakley
Frank L. Haveman
Richard Lachse
Commissioners