

34916

ORIGINAL

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Cook-McFarland Company, a corporation, and Cook-McFarland Company, Inc., a corporation, subsidiary thereof, for an Order authorizing said corporation to transfer and assign to said subsidiary corporation the right, title and franchise of said corporation to operate a warehouseman's business in the city of Los Angeles, California, together with the good will thereof and other property, and authorizing said subsidiary corporation to issue stock in exchange therefor and to succeed to and operate said business.

Application
No. 24671

BY THE COMMISSION:

O P I N I O N

This is an application made jointly by Cook-McFarland Company and Cook-McFarland Company, Inc., both California corporations, for an order of the Railroad Commission authorizing the transfer and assignment of property and the issue of stock as hereinafter set forth.

The application shows that Cook-McFarland Company, hereinafter sometimes referred to as the transferor, was organized during 1893 and now is engaged in Los Angeles, in three lines of business, each operated as a separate division, to-wit: a food-and-grocery-lines brokerage business, a bottling business, and a general storage and warehouse

business.

The application further shows that Cook-McFarland Company, Inc., hereinafter sometimes referred to as the transferee, was organized on or about October 31, 1941, for the purpose of receiving the present warehouse and bottling business of the transferor and thereafter of operating the same as a subsidiary of the transferor. It has an authorized capital stock of 1,000 shares of no par value.

The warehouse division of the transferor occupies a space of 44,000 square feet in the building owned by it and located at 915-927 Mateo Street, Los Angeles, and 6,000 square feet in an adjoining building, under lease, known as 905-911 Mateo Street. In connection with this division, the transferor reports operations as a public warehouse under the Public Utilities Act and the Alcoholic Beverage Control Act of the State of California and as an United States Custom Bonded Warehouse No. 1, a Tax Paid Warehouse, and an Internal Revenue Bonded Warehouse No. 44 under the authority of the Treasury Department of the United States Government. For these operations, and the bottling operations, it holds various state and Federal licenses, permits and approvals, as set forth in its application.

It appears that in order to simplify its accounting procedure and reports, the transferor desires to separate its food and grocery lines brokerage business from its other operations and to that end has caused the organization of the present transferee to take over the warehouse and bottling operations and thereby to relieve it from its status

as a public warehouseman. Although the bottling operations are of a nonutility nature, it is proposed to transfer them along with the warehouse operations because of the interrelation of the various licenses, permits and approvals.

Under the arrangements made to accomplish this purpose, the transferor will transfer and assign to the transferee, in exchange for 504 shares of the no par value stock of that company, the following:

- (1) The right, privilege and franchise now enjoyed by assignor to operate a warehouseman's business under the Public Utilities Act of the State of California;
- (2) The good will as a going business of said warehouse division and bottling division;
- (3) The fixtures, equipment and supplies of said warehousing division and bottling division;
- (4) The right, title and interest of first party as lessee in and to the possession and occupancy of the warehouse building and premises commonly known and designated as 905-911 Mateo Street, Los Angeles.

Said assignor also proposes to execute in favor of said subsidiary such transfers, assignments, approvals, consents and releases as may be necessary to enable said subsidiary, when qualified, to enjoy the above enumerated rights, functions, privileges, permits and licenses now in use by assignor in the operation of said warehousing and bottling businesses.

In addition, the transferor proposes to lease to transferee, for a period of five years, the 44,000 square feet of space in the building owned by it located at 915-927 Mateo Street.

A copy of the proposed agreement looking toward the transfers and assignments, as set forth above, has been filed in the proceeding as "Exhibit C," and a copy of the

proposed lease as "Exhibit 1 to Exhibit C." Under these assignments, the transferee will occupy the 44,000 square feet at 915-927 Mateo Street, as lessee, for a monthly rental of \$600, and the 6,000 square feet at 905-911 Mateo Street under a month to month tenancy, as now enjoyed by the transferor, at a present rental of \$200 per month. The Commission reserves the right to consider said rentals de novo in the event they become an issue in any proceeding before it.

The arrangements made provide for the transfer of no physical properties other than warehouse and bottling equipment, furniture and fixtures. A pro forma balance sheet of the transferee as of January 1, 1942, giving effect to the transfers and assignments and to the issue of stock, is as follows:

Assets

Warehouse property and equipment, furniture and fixtures	\$ 9,980.84
Bottling equipment	11,086.11
Cash	1,000.00
Materials and supplies	3,500.00
Prepaid expenses	<u>900.00</u>
Total	<u>\$26,466.95</u>

Liabilities

Capital stock (504 shares)	\$ 7,790.17
Open account due Cook-McFarland Company	1,000.00
Reserve for accrued depreciation:	
Warehouse	8,949.80
Bottling	<u>8,726.98</u>
Total	<u>\$26,466.95</u>

Until such time as the income of the transferee affords sufficient working capital, its operations will be

financed by the transferor on open account, an initial advance of \$1,000 being contemplated at this time.

Certain licenses, permits and approvals now held by the transferor, are not assignable but must be applied for and obtained by the transferee de novo. It thus appears that the authority herein requested to transfer and assign properties and business is but one step in the procedure which must be followed by applicants to complete the various transactions, and accordingly, it should be understood that the authorization herein granted is for the purpose of this proceeding only, is given only insofar as this Commission has jurisdiction under the Public Utilities Act and is not intended as an approval of such transactions as to such other legal requirements to which they may be subject. So far as service to the public is concerned, it appears that the transferee intends to operate the warehouse as a utility in the same manner as it now is operated by the transferor and to adopt and put into effect the same tariff rates and charges. There appears to be no reason, therefore, why this Commission should not enter its order at this time.

O R D E R

Cook-McFarland Company and Cook-McFarland Company, Inc. having applied to the Railroad Commission for authority to transfer and assign properties and to issue stock, the Commission having considered the matter and it being of the opinion that a public hearing is not necessary, that the requests of applicants should be granted, as provided herein,

that the money, property or labor to be procured or paid for through the issue of the stock herein authorized 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,

IT IS HEREBY ORDERED as follows:

1. Cook-McFarland Company may, on or before June 30, 1942, transfer and assign to Cook-McFarland Company, Inc. the public utility properties and business referred to in the opinion preceding this order, such transfer and assignment to be in accordance with the terms of the agreements filed in this proceeding as "Exhibit C" and "Exhibit 1 to Exhibit C," which agreements applicants are authorized to execute and enter into.

2. Cook-McFarland Company, Inc. may issue, on or before June 30, 1942, not exceeding 504 shares of its no par value stock in payment for the properties to be received by it from Cook-McFarland Company.

3. Cook-McFarland Company, Inc. may succeed to and operate the public utility properties and business now operated by Cook-McFarland Company.

4. Upon the acquisition of said properties and business by Cook-McFarland Company, Inc. and the commencement of operations by it as a public warehouseman, Cook-McFarland Company may consider itself relieved and discharged from its public utility obligations.

5. Upon the commencement of operations by Cook-McFarland Company, Inc., and on not less than five days'

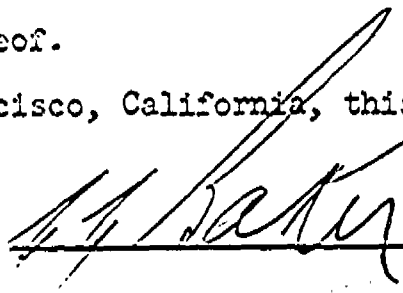
notice to the Commission and to the public, the tariffs on file with the Commission on behalf of Cook-McFarland Company shall be supplemented to show that Cook-McFarland Company has withdrawn therefrom and Cook-McFarland Company, Inc. has accepted and adopted as its own said tariffs and all effective supplements thereto.

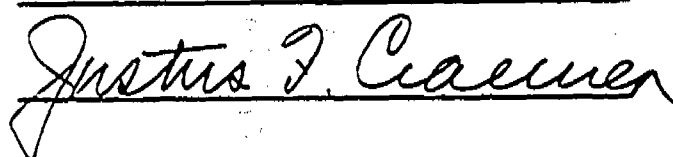
6. Within thirty (30) days after the issue of the stock herein authorized, Cook-McFarland Company, Inc. shall file with the Commission a verified report as required by the Commission's General Order No. 24-A.

7. The properties herein authorized to be transferred and assigned may not hereafter be sold, leased, transferred nor assigned, nor may service as a warehouseman be discontinued, unless the written consent of the Railroad Commission has first been obtained.

8. The effective date of this order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 12th day of January, 1942.







Commissioners.