

Decision No. 37239

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

IN THE MATTER OF THE APPLICATION
OF
FEDERAL ICE & COLD STORAGE COMPANY
FOR AUTHORIZATION TO ISSUE STOCK,
APPLICANT.

Application No. 26247

BY THE COMMISSION:

O P I N I O N

Federal Ice & Cold Storage Company asks permission to issue 12,692 shares of no par value common stock in exchange for 6,346 shares of preferred stock of a par value of \$100 per share.

Applicant is engaged in the public utility warehouse business in the City of Vernon. It also engages in nonutility business.

As of June 30, 1944, applicant reports assets and liabilities as follows:

<u>Assets</u>		
Current Assets:		
Cash	\$ 116,013.14	
Special deposits	-	
Accounts Receivable	76,056.19	
Notes Receivable	5,258.42	
Ice in Storage	625.61	
Material & Supplies	<u>-</u>	\$ 197,953.36
Deferred Assets:		
Prepayments	3,241.15	
Other Deferred Debits	<u>9,190.84</u>	12,431.99
Fixed Capital in Service:		
Cold Storage Property & Equipment	896,118.69	
Other Property	<u>420,724.03</u>	
	1,316,842.72	
Less: Reserve for Depreciation	<u>737,005.58</u>	579,837.14
Investments:		
Standard Ice Corporation	84,661.82	
U. S. Treasury Bonds	<u>210,000.00</u>	294,661.82
Miscellaneous Intangible Capital:		
Common Stock (15,000 shares)		<u>1.00</u>
Total Assets		<u>\$1,084,885.31</u>
<u>Liabilities</u>		
Current Liabilities:		
Accounts & Pay rolls Payable	\$ 18,770.99	
Notes Payable	942.50	
Accrued Sales, Social Security Taxes	7,708.61	
Other Deferred Credits	<u>10,915.82</u>	38,337.92
Reserves:		
For Other Assets	84,661.82	
For Taxes Accrued	112,049.95	
For Current Income Tax	<u>116,591.47</u>	313,303.24
Capital Stock Outstanding		634,601.00
Surplus		<u>98,643.15</u>
Total Liabilities		\$1,084,885.31

Applicant's outstanding capital stock consists of 15,000 shares of no par value common stock with a stated value of \$1.00 for all of said shares, and 6,346 shares of preferred stock having a par value of \$634,600. The preferred stock has a preference as to dividends, and in the event of dissolution has a preference as to the distribution of assets to the extent of \$100 per share, together with accrued dividends. Applicant may at any time, and from time to time, redeem all or a portion of its outstanding preferred stock. It now proposes to offer to the holders of 6,346 shares of the remaining outstanding preferred stock two shares of its common stock in exchange for each share of preferred stock. It is further proposed that there will be no exchange of common for preferred stock unless at least 80 per cent of the holders of all outstanding stock, both common and preferred, shall consent thereto. The holders of the preferred stock not consenting to the proposed exchange, assuming that the exchange plan is carried into effect, may retain their preferred stock and are entitled to the rights and privileges specified in applicant's Articles of Incorporation.

Applicant does not intend to enter into any contract concerning the exchange of its stock, other than to submit to its stockholders its proposal to exchange common stock for preferred stock on the basis of two shares of common for each share of preferred stock. It will not pay any commission or other compensation in connection with the exchange of the stock.

If all of the holders of preferred stock exchange such stock for common stock, applicant will have outstanding 27,692 shares of no par value common stock with a stated value of \$634,601. The refunding of applicant's preferred stock through the issue of common stock will improve applicant's capitalization in that it will eliminate, in whole or at least in part, the dividend obligation on the preferred stock. It should be understood, however, that this Commission is not asking the stockholders to make the exchange or is it making any finding that the exchange is fair. It is for the holders of the preferred stock to determine whether or not they wish to make the exchange.

O R D E R

The Commission having considered applicant's request 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 stock herein authorized is reasonably required by applicant for the purpose of refunding its outstanding preferred stock; 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 subject to the provisions of this Order, therefore,

IT IS HEREBY ORDERED that Federal Ice & Cold Storage Company may issue not to exceed 12,692 shares of common stock

for the purpose of exchanging the same for preferred stock on the basis of two shares of such common stock for each share of preferred stock, provided that the authority herein granted to issue said shares of common stock will not become effective unless and until the holders of at least 80 per cent of all of applicant's stock outstanding, both common and preferred, shall have consented to said exchange.

IT IS HEREBY FURTHER ORDERED that within ninety (90) days after the effective date of this Order, the Federal Ice & Cold Storage Company shall file with the Railroad Commission a statement showing the names of the holders of preferred stock who have consented to exchange their said preferred stock for common stock; the number of shares of preferred stock held by each such stockholder, and the number of shares of common stock issued to each of the said stockholders.

Dated at San Francisco, California, this 1st day of August, 1944.

Richard L. Lachse
Justus F. Coe
Frank D. Havens

W. H. Lawrence
Commissioners