

**ORIGINAL**

Decision No. 47645

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 )  
 LAWRENCE WAREHOUSE COMPANY, )  
 a corporation, )  
 )  
 for an order authorizing the issuance )  
 of 6,110 shares of Common Stock of no )  
 par value, 5,000 of which said shares )  
 to be sold for cash, and 1,110 of said )  
 shares to be held for use in conversion )  
 of Cumulative 6% Convertible Preferred )  
 Stock. )  
 ----- )

Application  
No. 33674

O P I N I O N

In this application, Lawrence Warehouse Company asks authorization to issue and sell 5,000 shares of common stock without par value, at a price to net not less than \$40 a share, for the purpose of paying outstanding bank loans, and to issue 1,110 shares of common stock to be held in its treasury to be exchanged for cumulative 6% convertible preferred stock having a par value of \$25 each which may be surrendered for conversion.

Applicant is a California corporation engaged in the public warehouse business in the State of California and various other states, and in operating field warehouses throughout the country and in the territories of Alaska and Puerto Rico and in Canada. In addition, it operates bonded field warehouses for the storage of wine and distilled spirits in California and Michigan. As of May 31, 1952, it reports its assets and liabilities as follows:

Assets

Warehouse property and equipment		\$ 343,999.67
Other property		340,919.83
Current assets -		
Cash and deposits	\$324,002.38	
Notes receivable	233,993.48	
Accounts receivable-field warehouses	970,539.45	
Other accounts receivable	19,149.75	
Materials and supplies	44,892.01	
Prepayments	<u>419,256.21</u>	
Total current assets		2,011,833.28
Discount on capital stock		9,259.56
	Total	<u>\$2,706,012.34</u>

Liabilities

Current liabilities -		
Notes payable	\$748,000.00	
Accounts payable	138,232.30	
Accrued liabilities	<u>354,980.07</u>	
Total current liabilities		\$1,241,212.37
Reserves		351,924.00
Preferred stock		357,850.00
Equity capital -		
Common stock	373,520.00	
Surplus	<u>381,505.97</u>	
Total equity capital		755,025.97
	Total	<u>\$2,706,012.34</u>

The outstanding common stock consists of 25,784 shares without par value having a book value, on the basis of the balance sheet figures, of approximately \$30 each. Dividends have been paid on these outstanding shares in the amount of \$4.00 in 1947 and 1948, \$3.00 in 1949, \$2.00 in 1950 and \$4.00 in 1951.

The application shows that applicant has financed itself in part through bank loans consisting of \$748,000 of short-term notes issued during May, 1952, to the Bank of California N. A., bearing interest at the rate of 4½% per annum, payable on demand. Applicant desires to improve its financial position and to reduce its bank loans with the proceeds from the sale of the 5,000 shares of common stock covered by this application. According to Exhibit D, its board of directors has authorized the sale of said shares to

its employees and directors for a consideration of \$200,000, being at the rate of \$40 a share.

With respect to the issue of shares of common stock for conversion purposes, it appears that at present applicant has outstanding 14,314 shares of cumulative six percent convertible preferred stock of the par value of \$25 each and of the aggregate par value of \$357,850. Each holder of such shares is entitled, at his option, to surrender his holdings in exchange for shares of common stock upon the basis of one share of common stock for two and one-half shares of preferred stock. Heretofore, the Commission has authorized applicant to issue, in the aggregate, 20,000 shares of said preferred stock and to issue and hold in its treasury, for conversion, 8,000 shares of common stock. The conversion rights are subject to change in the event additional shares of common stock are issued for purposes other than conversion, and the reservation of 1,110 additional shares of common stock must be made at this time to fulfill the conversion requirements of the articles of incorporation following the issue of the 5,000 shares of common stock as now proposed.

Upon consideration of this matter it appears to us that an order should be made granting applicant's requests.

ORDER

The Commission having considered the above entitled matter, and being of the opinion that a public hearing is not necessary; that the application should be granted, as herein provided; that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required

by applicant for the purpose specified herein; and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. Lawrence Warehouse Company, after the effective date hereof and on or before June 30, 1953, may issue and sell not exceeding 5,000 shares of its common stock, at not less than \$40 per share, for the purpose of paying outstanding bank loans.



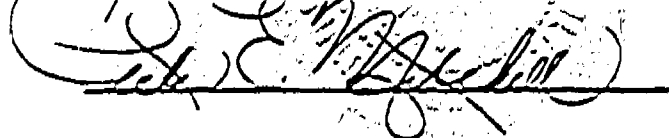
2. Lawrence Warehouse Company may issue not exceeding 1,110 shares of its common stock to be held in its treasury for the purpose of effecting the conversion of shares of the cumulative 6% convertible preferred stock now outstanding.

3. Lawrence Warehouse Company shall file with the Commission monthly reports as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

4. The authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 2<sup>nd</sup> day of September, 1952.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

Commissioners