

ORIGINAL

Decision No. 48838

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of)
BERCUT-RICHARDS PACKING CO.,)
a California corporation,)
))
for an order approving Plan of Re-)
organization by statutory merger)
between Applicant and ENGLISH ESTATE)
COMPANY, a California corporation,)
the issuance and exchange of securities)
by Applicant, the surviving corporation,)
pursuant thereto, the approval of the)
terms and conditions of such issuance)
and exchange of securities and the)
fairness of the terms and conditions)
of such exchange.)
-----)

Application
No. 34500

Harry Seymour, for Bercut-Richards Packing Co.
and English Estate Company.

O P I N I O N

In this proceeding the Commission is asked to enter an order (1) approving an agreement of merger of Bercut-Richards Packing Co. and English Estate Company, (2) authorizing Bercut-Richards Packing Co., as the surviving corporation, to issue in the aggregate 150,000 shares of stock (\$150,000 par value) in exchange for the presently outstanding shares of stock of the two constituent corporations, and (3) approving the terms and conditions of the proposed issue and exchange of shares of stock and determining that the proposed plan and issue are fair, just and equitable.

The application was filed with the Commission on July 1, 1953. Thereafter, notice having been given to all the shareholders of the outstanding stock of both corporations, a public hearing on the matter was held in San Francisco before Examiner Coleman on July 13. No protests or objections to the companies' plans have been

received by the Commission.

Bercut-Richards Packing Co. is a California corporation engaged in the processing of fruits and vegetables and in the operation of a public utility cold storage plant in Sacramento and a radial highway common carrier service. English Estate Company, also a California corporation, is not engaged in the public utility business but owns real property which is occupied by Bercut-Richards Packing Co. under lease arrangements. The balance sheets of the two companies showing their investments as of December 31, 1952, and their liabilities and capital, are summarized as follows:

	<u>Bercut Richards Packing Co.</u>	<u>English Estate Company</u>
<u>Assets</u>		
Current assets -		
Cash	\$ 25,583.22	\$ 2,099.93
Accounts receivable	988,223.49	24,233.67
Inventories	6,687,197.91	3,650.90
Other accounts	129,413.94	1,743.19
Total current assets	<u>7,830,418.56</u>	<u>31,727.69</u>
Property, plant, equipment	2,494,562.06	345,899.78
Other assets	<u>684,165.14</u>	<u>-</u>
Totals	<u>\$11,009,145.76</u>	<u>\$377,627.47</u>
<u>Liabilities and Capital</u>		
Current liabilities	\$ 7,188,395.72	\$217,536.64
Long-term debt	169,823.41	-
Capital stock	50,000.00	150,000.00
Surplus	<u>3,600,926.63</u>	<u>10,090.83</u>
Totals	<u>\$11,009,145.76</u>	<u>\$377,627.47</u>

A summary of the results of the operations of the two companies during 1952, as indicated in exhibits filed in the present application, is as follows:

	<u>Bercut- Richards Packing Co.</u>	<u>English Estate Company</u>
Revenues -		
Cold storage operations	\$ 271,717.06	\$ -
Trucking operations	66,115.27	-
Sales-canned goods and lumber	10,328,916.51	-
Rents	-	75,000.00
Other income	167,540.16	5,655.31
Total	<u>10,834,289.00</u>	<u>80,655.31</u>
Costs and expenses	<u>10,450,421.02</u>	<u>89,391.00</u>
Balance	383,867.98	(8,735.69)
Provision for income taxes	<u>178,000.00</u>	<u>-</u>
Net earnings	<u>\$ 205,867.98</u>	<u>\$ (8,735.69)</u>

According to the application, the outstanding stock of Bercut-Richards Packing Co. consists of 50,000 shares of the par value of \$1 each and that of English Estate Company of 1,500 shares of the par value of \$100 each, the shares being reported held by the following:

	<u>Bercut Richards Packing Co.</u>	<u>English Estate Company</u>
Peter Bercut	12,501	500
Henri Bercut	7,501	500
Blanche Bercut	5,000	-
Thomas H. Richards, Sr.	14,998	-
Leona Richards	10,000	-
Bercut-Richards Packing Co.	<u>-</u>	<u>500</u>
Totals	<u>50,000</u>	<u>1,500</u>

The record shows that the shareholders, in order to simplify the corporate structure, have concluded to discontinue the separate existence of the two corporations and that they have proposed a plan of reorganization by statutory merger whereby English Estate Company will be merged into Bercut-Richards Packing Co., which has been designated as the surviving corporation and which will succeed to all the rights and properties, subject to the debts and liabilities, and will issue its shares of stock, of the par value of \$1 each, as follows:

In exchange for the presently outstanding shares of Bercut-Richards Packing Co. on the basis of 1-93/100 shares for each share outstanding	96,500
In exchange for the presently outstanding shares of English Estate Company (other than those now held by Bercut-Richards Packing Co.) on the basis of 53½ shares for each share outstanding	<u>53,500</u>
Total shares	<u>150,000</u>

Upon completion of the merger, Bercut-Richards Packing Co. will set up on its books the balances in the accounts of the two corporations, except for adjustments of intercompany accounts and the cancellation of the \$50,000 of stock of English Estate Company now held by it. The record shows that the merger will result in no change in the management and operation of the public utility business or in the rates and service to the public. It is desired to make the merger effective July 31, 1953.

Upon a review of the evidence we are of the opinion and hereby find that the merger will not be adverse to the public interest, that the terms and conditions of the plan of reorganization and the issue and exchange of shares of stock as proposed therein are fair, 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 for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be merged.

ORDER

A public hearing having been held in the above entitled proceeding and the Commission having considered the evidence and being of the opinion that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED as follows:

1. Bercut-Richards Packing Co. and English Estate Company may execute an Agreement of Merger in, or substantially in, the same form as that filed in this proceeding as Exhibit 2.

2. Bercut-Richards Packing Co., upon the Agreement of Merger becoming effective, may issue not exceeding 150,000 shares of its common stock, on or before December 31, 1953, in exchange for shares presently outstanding upon the bases set forth in said Agreement of Merger.

3. Bercut-Richards Packing Co. 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 upon the date hereof.

Dated at San Francisco, California, this 21st day of July, 1953.

[Signature]
President
[Signature]
[Signature]
[Signature]

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.