

**ORIGINAL**

Decision No. 51006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
WEST LOS ANGELES MILLING CO., a cor- )  
poration, VENTURA COUNTY WAREHOUSE CO., )  
a corporation, and OCEANSIDE WAREHOUSE )  
COMPANY, a corporation, for an Order )  
Authorizing the Transfer of the Fran- )  
chises and Assets of Ventura County )  
Warehouse Co. and Oceanside Warehouse )  
Company to West Los Angeles Milling Co., ) Application  
pursuant to a Statutory Corporate Mer- ) No. 36322  
ger under Sections 4100 to 4318 of the )  
Corporations Code of the State of Cali- )  
fornia; and )

In the Matter of the Application of )  
WEST LOS ANGELES MILLING CO., a cor- )  
poration, for an Order Authorizing the )  
Issuance of Shares. )  
----- )

C. L. McGaughey, for applicants; Theo Stein,  
for the Commission's staff.

O P I N I O N

This application, filed on November 22, 1954, involves the merger of Ventura County Warehouse Co., Oceanside Warehouse Company and West Los Angeles Milling Co., with West Los Angeles Milling Co. being designated as the surviving corporation, and the issue by said surviving corporation of shares of stock in exchange for the shares of stock of the other two corporations.<sup>1/</sup>

A public hearing upon the fairness of the issue and exchange of the shares of stock and upon the terms of the merger agreement was held before Examiner Coleman in Los Angeles on January 12, 1955, after notice of such hearing had been given by publication and by mailing

---

<sup>1/</sup> In this decision West Los Angeles Milling Co. will be referred to as West Los Angeles, Ventura County Warehouse Co. as Ventura, and Occanside Warehouse Company as Oceanside.

to all the holders of the outstanding shares of stock of the three corporations. No protests were received by the Commission and the matter was taken under submission.

Applicants are engaged in the business of buying, selling, processing, packaging and warehousing agricultural and food products, particularly beans, West Los Angeles conducting its operations in West Los Angeles, Ventura in El Rio and Oceanside in Oceanside. The application shows that the corporations are controlled through stock ownership by the same interests and that the executive management of West Los Angeles is identical with that of Ventura and closely related to that of Oceanside. The business of each of the applicants has been developed by E. J. Evans over a period of years and supervision of the operations of each has been exercised by E. J. Evans with his associates and employees. As of the present time, West Los Angeles has outstanding 5,312.5 shares of common stock of the par value of \$100 each, Ventura 22,500 shares of common of the par value of \$10 each, and Oceanside 2,360 shares of common of the par value of \$100 each. None has any outstanding preferred shares.

A pro forma balance sheet showing the combined assets, liabilities and capital of the three corporations as of November 30, 1954, has been filed in this proceeding as Exhibit 1. A summary of the statement is as follows:

<u>Assets</u>		
Current assets -		
Cash	\$ 70,962.90	
Accounts receivable	792,098.75	
Inventory	<u>149,022.53</u>	
Total current assets		\$1,012,084.18
Tangible assets, less depreciation reserve		593,979.38
Intangible assets		39,338.92
Deferred charges		<u>8,244.31</u>
	Total	<u>\$1,653,646.79</u>

Liabilities and Capital

Current and accrued liabilities	\$ 104,800.58
Fixed liabilities	495,000.00
Common stock and surplus	<u>1,053,846.21</u>
Total	<u>\$1,653,646.79</u>

The record shows that the boards of directors of the three corporations, together with the holders of more than two-thirds of the outstanding shares of stock of each, have approved the execution of a merger agreement under the terms of which the separate existence of Ventura and Oceanside will cease and West Los Angeles, as the surviving corporation, will succeed, without other transfer, to all the assets of the other two corporations, subject to all their debts and liabilities. Under the terms of the agreement, West Los Angeles will issue its shares of stock, at par, to the shareholders of the constituent corporations on a par for par basis; that is, one share of West Los Angeles stock of the par value of \$100 each for 10 shares of Ventura stock of the par value of \$10 each, and one share of West Los Angeles stock for one share of Oceanside stock, also of the par value of \$100 each, or an aggregate of 4,610 shares of stock to be issued by West Los Angeles, of the aggregate par value of \$461,000.

The completion of the merger will result in no change in the public utility storage rates or in service to the public. The record shows that the consolidation into one corporation, as proposed, will bring about the elimination of duplications in executive and administrative functions, with resultant economies in operating costs, and a more effective utilization of facilities. On the basis of the information set forth in Exhibit 1, it appears that the surviving corporation, at the outset, will have a favorable current position and a capital structure which includes a substantial volume of equity funds.

According to the record, no shareholder has registered any objection to the merger or to the terms of the exchange of stock. With all the shares of the constituent corporations surrendered for exchange, West Los Angeles will have outstanding 9,922.5 shares of stock of the aggregate par value of \$992,250. The financial reports of the applicants for their latest fiscal years show combined net earnings of \$74,040 and for a portion of the year 1954 combined net earnings of \$55,353.<sup>2/</sup>

Upon reviewing the record in this proceeding, 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 issue and exchange of stock as here proposed are fair, and that the money, property or labor to be procured or paid for by such issue is reasonably required by West Los Angeles for the purpose specified herein, which 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 to be merged.

O R D E R

A public hearing having been held on the above entitled matter 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:

---

<sup>2/</sup> West Los Angeles reports net earnings of \$42,481 for the five months ended November 30, 1954; Ventura net earnings of \$5,814 for the four months ended November 30; and Occanside net earnings of \$7,058 for the six months ended November 30, the three items amounting to \$55,353.

1. West Los Angeles Milling Co., Ventura County Warehouse Co. and Oceanside Warehouse Company are authorized to execute and enter into an agreement of merger whereby Ventura County Warehouse Co. and Oceanside Warehouse Company are merged into West Los Angeles Milling Co.

2. Ventura County Warehouse Co. and Oceanside Warehouse Company, pursuant to the terms of said merger agreement, may transfer their assets to West Los Angeles Milling Co. and West Los Angeles Milling Co. may succeed to such assets and assume the payment of the outstanding liabilities of the merging corporations.

3. West Los Angeles Milling Co. may issue not exceeding 4,610 shares of its capital stock in exchange, at par for par, for shares of stock of Ventura County Warehouse Co. and Oceanside Warehouse Company, in accordance with the terms of said merger agreement. The Public Utilities Commission hereby approves the terms and conditions of such issuance and exchange.

4. On not less than five days' notice to the Commission and to the public, applicants shall supplement or reissue the tariffs now on file with the Commission, insofar as they name rates, rules and regulations governing the warehouse operations here involved, to show that Ventura County Warehouse Co. and Oceanside Warehouse Company have withdrawn or canceled and that West Los Angeles Milling Co. concurrently has adopted or established as its own said rates, rules and regulations. The tariff filings made pursuant to this order in all respects shall comply with the regulations governing the construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

5. West Los Angeles Milling 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.

6. The authority herein granted will become effective upon the date hereof.

Dated at Los Angeles, California, this 25<sup>th</sup> day of January, 1955.

*John E. Mitchell*  
President

*Justus F. Calmes*

*Raymond L. Linterman*

*Markus J. Doherty*

Commissioners