

**ORIGINAL**

Decision No. 51565

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, for an Order authorizing )  
the issuance of shares. )  
----- )

Application  
No. 36979

O P I N I O N

In this application West Los Angeles Milling Co. seeks authorization to issue shares of its common stock, in the amounts and for the purposes hereinafter set forth.

Applicant is engaged in buying, selling, processing and warehousing agricultural products, particularly beans, in West Los Angeles, El Rio and Oceanside. In Exhibit B it reports that its gross revenue for the period from July 1, 1954, to April 30, 1955, amounted to \$368,360, including only \$51,660 for warehousing and handling operations, with net profit of \$50,825 after provision for federal income taxes.

Under authorization granted by Decision No. 51006, dated January 25, 1955, applicant entered into an agreement of merger with Ventura County Warehouse Co. and Oceanside Warehouse Company, so that the foregoing results of operations are not indicative, necessarily, of its present volume of business. Applicant's financial position, including its recently acquired properties, as of April 30, 1955, is indicated by the following balance sheet:

Assets

Current assets -		
Cash	\$ 19,582	
Accounts receivable	120,487	
Inventory	<u>1,058,291</u>	
Total current assets		\$1,198,360
Fixed assets, less depreciation		581,892
Other assets		40,043
Deferred charges		<u>7,941</u>
	Total	<u>\$1,828,236</u>

Liabilities and Capital

Current liabilities		\$ 93,341
Notes payable		615,000
Reserve for income tax		43,603
Equity capital -		
Common stock	\$ 992,250	
Surplus	<u>84,042</u>	
Total equity capital		<u>1,076,292</u>
	Total	<u>\$1,828,236</u>

Applicant was organized on August 19, 1948, and under authorization granted by the Commission had issued and sold and had outstanding as of the date of the balance sheet 9,922½ shares of common stock, of the par value of \$100 each and of the aggregate par value of \$992,250. The present application shows that recently applicant has taken steps to amend its articles of incorporation so as to change the par value of its shares from \$100 to \$20 each and to issue 49,612½ shares of its new \$20 par value stock in place of the 9,922½ shares of \$100 stock.

Applicant now desires to issue additional shares of stock. It reports that due to the growth of its business it has found it necessary to borrow money from its president and from banks, upon the guarantee of its president, in order to obtain sufficient cash for the improvement or maintenance of its service and for the discharge and refunding of its obligations and that it now desires to sell its shares in order to augment its working capital. Subject

to receiving authorization from the Commission, it intends to sell \$250,000 par value of its common stock to its present shareholders and their associates, at par for cash, and to sell \$50,000 of stock, also at par, to its employees under a subscription program whereby any employee other than the president, vice president, secretary and treasurer, may purchase shares on or before June 30, 1959, in minimum blocks of an aggregate par value of \$500, with a maximum which any employee can purchase of \$2,000.

The foregoing balance sheet shows that at the close of April, 1955, applicant had invested more than \$1,000,000 in merchandising inventory and that it had cash balances of only \$19,582. It clearly appears to us that applicant has need for additional working capital and that an order granting its request to issue its shares of stock is warranted.

As to the 49,612½ shares of stock now reported outstanding, applicant did not obtain from this Commission an order approving their issue. We are of the opinion that such shares are void and that it will be necessary for applicant to reissue them upon obtaining an order from the Commission authorizing it to do so. Such an order will be issued.

#### 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 purposes specified herein, and that such purposes

are not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. West Los Angeles Milling Co. may issue 49,612½ shares of its common capital stock, of the par value of \$20 each, in place of shares presently outstanding.

2. West Los Angeles Milling Co. may issue and sell \$250,000 par value of its common stock, on or before December 31, 1955, for the purposes stated in this application.

3. West Los Angeles Milling Co. may issue and sell not exceeding \$50,000 par value of its common stock, on or before June 30, 1959, to its employees, and use the proceeds for the purpose of providing working capital and of paying outstanding indebtedness.

4. 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.

5. The authority herein granted will become effective 20 days after the date hereof.

Dated at San Francisco, California, this 9<sup>th</sup> day of June, 1955.

Edward E. Mitchell  
President  
Harold K. Stein  
William D. Cook

Commissioners

Justus F. Craemer,  
Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.