

Decision No. 53100

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of CENTRAL EUREKA CORPORATION, a  
corporation, for Authority to  
issue Common Stock.

Application  
No. 37943

OPINION AND ORDER

This is an application for an order authorizing Central Eureka Corporation to issue \$225,000 par value of its common stock.

Applicant was organized in 1894 and for many years conducted extensive nonutility operations. Last year, however, under authorization of Decision No. 51076, dated February 7, 1955, it acquired the operations of Tri-Counties Rice Drier Co. and Continental Trading Co., and undertook operations consisting of the growing, purchasing, and drying of rice and including a small amount of public utility warehouse business.

The application shows that gross sales from applicant's nonutility operations have amounted to more than \$11,000,000 annually. Its financial statements show that at the close of 1955 its current assets amounted to \$924,104, including cash of \$92,049, as compared with current liabilities of \$1,344,755. The record indicates that applicant has found it necessary to maintain substantial amounts of working capital and that it has incurred current obligations in making provision for the required amounts.

At this time, applicant desires to improve its cash position through the issuance of shares of stock. It has made

arrangements to issue \$25,000 par value of stock to Julian Friedman in cancellation of indebtedness of \$45,000 incurred by the corporation in acquiring the properties of Tri-Counties Rice Drier Co. and Continental Trading Co., and it proposes to give Donald D. Smith, its President, and A. S. Glikbarg, its Assistant Secretary, the option to purchase \$200,000 par value of stock, at par, to provide additional funds for its operations. The option to purchase said \$200,000 of stock will run for a period of four years.

Upon a review of this matter it clearly appears that applicant has need for additional funds to increase its working capital in order to improve or maintain its service and to liquidate outstanding obligations. In our opinion the money, property or labor to be procured or paid for by the issue of \$225,000 of stock is reasonably required for these purposes and such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. A public hearing is not necessary in this proceeding; therefore,

IT IS HEREBY ORDERED as follows:

1. Central Eureka Corporation may issue not exceeding \$25,000 par value of its common stock to Julian Friedman in cancellation of indebtedness to him in the sum of \$45,000.
2. Central Eureka Corporation may issue and sell for cash at par not exceeding \$200,000 par value of its common stock and use the proceeds for additional working capital for the improvement or maintenance of its service and facilities.
3. Central Eureka Corporation shall file monthly reports with the Commission as required by General Order No. 24-A, which

order, insofar as applicable, is made a part of this order.

4. The order herein granted will become effective on the date hereof.

Dated at San Francisco, California, this 22<sup>nd</sup> day of May, 1956.

Peter E. Haskins  
President

Justin J. Caswell

Paul L. Winter

Wm. J. [unclear]

R. Hardy  
Commissioners