

ORIGINAL

Decision No. 56188

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application

-of-

WESTCOT, INC.

for a permit authorizing it to
issue and sell stock.

Application No. 40924

O P I N I O N

Westcot, Inc., has filed this application for authorization to issue \$500,000 of common stock and a note in the principal amount of \$750,000 and to execute a deed of trust.

Applicant is a California corporation which was organized on March 2, 1959 for the purpose of operating cotton warehouses in the Counties of Kern and Fresno. It has an authorized capital stock of 10,000 shares of the par value of \$100 each and it proposes, and here seeks authorization, to issue 5,000 of such shares and to sell them at par, for cash, without payment of any commission for the sale, to bona fide residents of the State of California. It reports that it has not prepared for distribution any prospectus or advertising of any description.

The application shows that the company proposes to acquire for \$122,500 a parcel of land in Kern County, near Bakersfield, consisting of 25 acres and a parcel of land in Fresno County, near Pinedale, consisting of 10 acres and to erect thereon a series of

cotton warehouses. The company reports that the cost of the land and warehouses, including sprinkler protection and paving, will be \$2.25 a square foot and that each of the warehouse units will be 30,000 square feet in area.

The company proposes to commence construction of the first warehouse unit when it has sold \$200,000 of stock and thereafter to borrow \$750,000 from banks and others and to use such funds, along with the proceeds from the remaining \$300,000 of stock, for working capital and to complete the construction program. The proposed borrowing will be represented by a note, or notes, for \$750,000 payable in annual installments of \$75,000, with interest at the rate of 5-1/2% per annum.

The Commission has given consideration to this matter and is of the opinion that if those who have organized this venture are willing to invest their funds in it, the Commission should not withhold its authorization for the issue of the shares of stock. The Commission is of the opinion, further, that in prosecuting the sale of the shares applicant should deliver to each proposed purchaser a prospectus or letter setting out the program contemplated by applicant and stating that the authorization of the Commission is not to be construed as obligating the State of California to pay or guarantee a return on the shares of stock in any way whatsoever.

O R D E R

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 stock and notes herein authorized is reasonably required 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. Westcot, Inc., on and after the effective date hereof and on or before December 31, 1959, may issue and sell not to exceed \$500,000 of stock, at par, for cash, and to issue a note, or notes, in the aggregate principal amount of not to exceed \$750,000 for the purpose of financing the cost of real property and facilities referred to in the preceding opinion and of providing working capital.

2. Westcot, Inc., on and after the effective date hereof and on or before December 31, 1959, may execute a deed of trust in, or substantially in, the same form as that filed in this proceeding as Exhibit B.

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

4. Westcot, Inc., shall file with the Commission, within 30 days after publication, a copy of each prospectus or letter issued to solicit the sale of the shares of stock herein authorized to be sold.

5. The authority herein granted will become effective when Westcot, Inc., has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$750.

The authorization herein given does not constitute a recommendation or endorsement of the securities permitted to be issued, but is permissive only.

Dated at San Francisco, California, this 31st day of March, 1959.

Earl Fox President
Walter E. Hutchins
Walter E. Hutchins
Theodore H. Jensen
Everett A. [Signature] Commissioners

