

ORIGINAL

Decision No. 62938

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of

LAWRENCE WAREHOUSE COMPANY,
a corporation,

For an Order authorizing the issuance of convertible notes in principal amounts totalling \$228,375.00 with payment of cash, in exchange for outstanding shares of preferred stock, and not exceeding 3,654 shares of its common stock, in event of conversion of convertible notes.

Application No. 43934
Filed November 20, 1961

O P I N I O N

This is an application for an order of the Commission authorizing Lawrence Warehouse Company, a corporation, applicant herein, (1) to issue up to \$228,375.00 of its 6% convertible notes in exchange for a like amount of its cumulative 6% convertible preferred stock, and (2) to issue up to 3,654 shares of its no par common stock, for converting said notes on the basis of \$62.50 principal amount of notes for each share of common stock.

Applicant is a California corporation engaged in the business of public warehousing in various locations in the State of California and in Sparks, Nevada. It now operates field warehouses in approximately 1,800 locations in all of the States of the United States of America and in Puerto Rico and Canada.

Also, the company operates bonded field warehouses for the storage of wine in the State of California under permits issued by the Alcohol Tax Unit of the Internal Revenue Service. For the first nine months of 1961, applicant reports gross operating revenues of \$166,860, gross nonoperating revenues of \$20,871,028, and net income of \$593,215.

As of September 30, 1961, the company reported outstanding stock aggregating \$1,276,820 and a profit and loss balance of \$816,523, with no long-term indebtedness. The stock consisted of 38,550 shares of no par value common stock and 9,135 shares of Cumulative Six Percent (6%) Convertible Preferred Stock, having a par value of \$25.00 per share and an aggregate par value of \$228,375.00. The preferred shares are redeemable at \$26.50 per share and are convertible into common shares on the basis of 2-1/2 shares (\$62.50 par value) of preferred stock for one share of common stock.

Applicant now proposes to offer to its preferred shareholders \$25 principal value of 6% cumulative convertible promissory notes and \$1.50 cash for each share of \$25 par value preferred stock. The full principal amount of the notes will be due ten years from the date of issuance, and they will be convertible at the rate of \$62.50 principal value of the notes for one share of the company's common stock. Interest on such notes will be payable semiannually at the rate of 6% per annum. The company believes that savings in its retained income after payment of taxes will result from the proposed exchange of notes for shares of preferred stock.

We have considered this application and find and conclude (1) that the proposed note and common stock issues are for proper purposes, (2) that the exchange of notes for stock will not adversely affect applicant's financial position, (3) that the money, property or labor to be procured or paid for by the issue of the notes and shares of common stock herein authorized is reasonably required by applicant for the purposes specified herein, and (4) that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings, we will enter an order granting the application.

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 and that the application should be granted, therefore,

IT IS ORDERED that -

1. Lawrence Warehouse Company, a corporation, on or after the effective date hereof, may issue an aggregate principal amount of not to exceed \$228,375.00 of its six percent (6%) convertible notes, with payment of not to exceed an aggregate amount of \$13,702.50 cash, in exchange for not to exceed 9,135 shares of its outstanding Cumulative Six Percent (6%) Convertible Preferred Stock, having a par value of \$25.00 per share and an aggregate par value of \$228,375.00, which notes shall be in the same form,

or substantially in the same form, as the copy of the proposed note attached to the application as Exhibit B.

2. Lawrence Warehouse Company, a corporation, may issue not to exceed 3,654 shares of its no par common stock and hold such shares in its treasury for the purpose of exchanging them for said convertible notes on the basis of \$62.50 principal amount of notes for each share of common stock, as described in the application and in the proposed notes.

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

4. This order shall become effective when Lawrence Warehouse Company, a corporation, has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$229.00.

Dated at San Francisco, California, this 19th day of DECEMBER, 1961.

[Signature]
President

[Signature]

[Signature]

George T. Grover

Frederick B. Holzloff
Commissioners

