

FINANCE DOCKET No. 9099  
DELAWARE, LACKAWANNA & WESTERN RAILROAD  
COMPANY NOTES

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*Submitted January 29, 1932. Decided February 10, 1932*

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Authority granted to issue and to renew not exceeding \$12,432,000 of promissory notes to be sold at par or discounted at a rate not exceeding 6 per cent, and to pledge and repledge as collateral security therefor, all or any part of \$13,639,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A, and \$10,000,000 of Morris & Essex Railroad Company 4½ per cent construction-mortgage gold bonds, series C.

*William S. Jenney* for applicant.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND MAHAFFIE

BY DIVISION 4:

The Delaware, Lackawanna and Western Railroad Company, a common carrier by railroad engaged in interstate commerce, has, by its amended application, duly applied for authority under section 20a of the interstate commerce act to issue and to renew from time to time not exceeding \$12,432,000 of promissory notes, and to pledge and repledge as collateral security for them all or any part of \$13,639,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A, and \$10,000,000 of Morris & Essex Railroad Company 4½ per cent construction-mortgage gold bonds, series C. No objection to the granting of the application has been presented to us.

The proposed notes are to be issued to procure funds to pay an indebtedness of \$11,000,000 to the First National Bank of the City of New York, to provide funds for capital expenditures for 1932, estimated at \$1,403,000, and to pay \$29,000 of bonds maturing July 1, 1932. They will be dated the day of issue, will bear interest, or will be discounted at a rate not exceeding 6 per cent per annum, and will mature not later than three years after the date of the original issue. It is proposed to pledge the New York, Lackawanna & Western and the Morris & Essex bonds at the ratio of \$125 in value of bonds at their prevailing market price for each \$100, face amount of notes, and, if the holder or holders of the notes so require, to maintain the pledge at that ratio.

180 I. C. C.

The New York, Lackawanna & Western bonds were issued and delivered to the applicant under our order of August 2, 1922, in *New York, Lackawanna & Western Stock and Bonds*, 72 I. C. C. 351, and are in its treasury. The Morris & Essex bonds are in the hands of the trustee of the construction mortgage for authentication and delivery to the applicant under authority of our order of July 20, 1931, in *Morris & E. R. Co. Bonds*, 175 I. C. C. 364. In each of those proceedings the applicant herein was authorized to assume obligation and liability, as guarantor, in respect of the bonds therein authorized to be issued. The order in each case provides that, except as therein authorized, the bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicants therein, or either of them, without our further authorization.

We find that the proposed issue of not exceeding \$12,432,000 of promissory notes and the proposed pledge of \$13,639,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A, and \$10,000,000 of Morris & Essex Railroad Company 4½ per cent construction-mortgage gold bonds, series C, by The Delaware, Lackawanna and Western Railroad Company as aforesaid (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

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ORDER

*Entered February 10, 1932*

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

*It is ordered*, That, for the purposes stated in the application and report aforesaid, The Delaware, Lackawanna and Western Railroad Company be, and it is hereby, authorized (1) to issue not exceeding \$12,432,000 of promissory notes and to issue from time to time in renewal thereof similar notes, all of said notes to be dated the date of issue, to bear interest or to be discounted at a rate not exceeding 6 per cent per annum, and to mature not later than three years after date, the last renewal of any note or notes to mature not later than 180 I. C. C.

three years from the date of issue of the original note or notes, but not later than December 31, 1935; said notes to be sold at not less than par or to be discounted at a rate not exceeding 6 per cent per annum, and (2) to pledge and repledge to and including December 31, 1935, all or any part of \$13,639,000 of New York, Lackawanna & Western Railway Company first and refunding mortgage 5 per cent gold bonds, series A, and \$10,000,000 of Morris & Essex Railroad Company 4½ per cent construction-mortgage gold bonds, series C, as collateral security for said notes; such pledge or pledges to be made, and if so required by the holder or holders of the notes, to be maintained, at a ratio of not exceeding \$125 of bonds in value at their prevailing market price for each \$100, face amount, of notes.

*It is further ordered,* That, except as herein authorized, said notes and said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

*It is further ordered,* That the applicant shall report concerning the matters herein involved in conformity with the commission's order dated February 19, 1927, respecting applications filed under section 20a of the interstate commerce act.

*And it is further ordered,* That nothing herein shall be construed to imply any guaranty or obligation as to said notes and bonds, or interest thereon, on the part of the United States.

180 I. C. C.