

Assembly Group Takes Look at Corporation Law

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By VINCENT THOMAS
 Assemblyman, 68th District

Most of us take corporations more or less for granted. We tend to confuse "corporations" with "partnerships," "associations," and "trusts." In so doing we overlook the basic importance of the true corporation in our entire business community.

At a rough count, there are now about 120,000 corporations which do business and pay taxes here in California. This figure includes both "domestic"—those incorporated in this state, and "foreign"—those founded elsewhere. They range in size from small family enterprises to billion dollar companies. Together, they pay some \$400 million annually in state franchise taxes, close to one-fifth of general fund revenues.

Some problems connected with state registration and supervision of corporations have become apparent. Recently, the Assembly Interim Committee on Public Utilities and Corporations held the first of a series of meetings on the subject. Under consideration was a 1963 Assembly resolution which called attention to the fact that it is the function of the Secretary of State to charter corporations, and the function of the Commissioner of Corporations to permit them to raise capital for their operations. While both functions are essential to the existence of corporate business, there is no direct connection between the two agencies.

THE COMMITTEE received a sizable report from its consultant which covers the present situation with respect to

formation and supervision of corporations in California. This report indicated some differences in fact between existing law and the complaints alleged in the resolution, and pointed out some additional areas which seem outside present statutes.

It should perhaps be remembered that two primary purposes of incorporating a business entity are first, the limitation of financial liability on stockholders in the enterprise to the par or actual value of their stock; and second, the authorization as set forth in the Articles of Incorporation, and permitted by the Corporation Commissioner, to raise capital by sale of stock or other securities.

UNDER PRESENT law, any three or more persons may form a corporation by filing Articles of Incorporation with

the Secretary of State. The Articles must include the name of the corporation, its purposes, the number of directors, and the number, classes, and par value, if any, of shares of stock it is authorized to issue. When the Articles are filed, the corporation comes into existence.

The Corporation Commissioner's primary responsibility is to protect the investing public against fraud in corporation securities, but he does not learn of the existence of a new unit until it files an application with him for permission to sell securities, since the Secretary of State is not required to notify him of new formations. The Commissioner has broad powers over the issuance of securities and their sale, but has no control over the way in which any corporation is managed. The Attorney-Gen-

eral has certain specified powers of violations of corporate law.

Since every one of us deals

with many corporations every day, all of us have a considerable stake in the results of the Committee's work.

Torrance Students Score High in Aptitude Tests

How well do Torrance high school students do on college aptitude tests?

That question, posed by a mother attending the Board of Education meeting last week, has been answered by a new set of scores received by the district.

The answer is: Well ahead of the national average.

Last September, 406 juniors and 202 seniors at the city's four high schools took the Scholastic Aptitude Tests (SAT) given by the nation's colleges to measure verbal and mathematical skills.

THE JUNIORS took the preliminary SAT, a one and a half hour exam. Seniors took the standard three-hour test.

The verbal section measures the ability to understand word relationships and to comprehend reading material. The mathematics section measures a student's ability to understand and reason with mathematical symbols.

National averages for the two sections are the 50th percentiles—but Torrance students scored in the 68th percentile for both sections.

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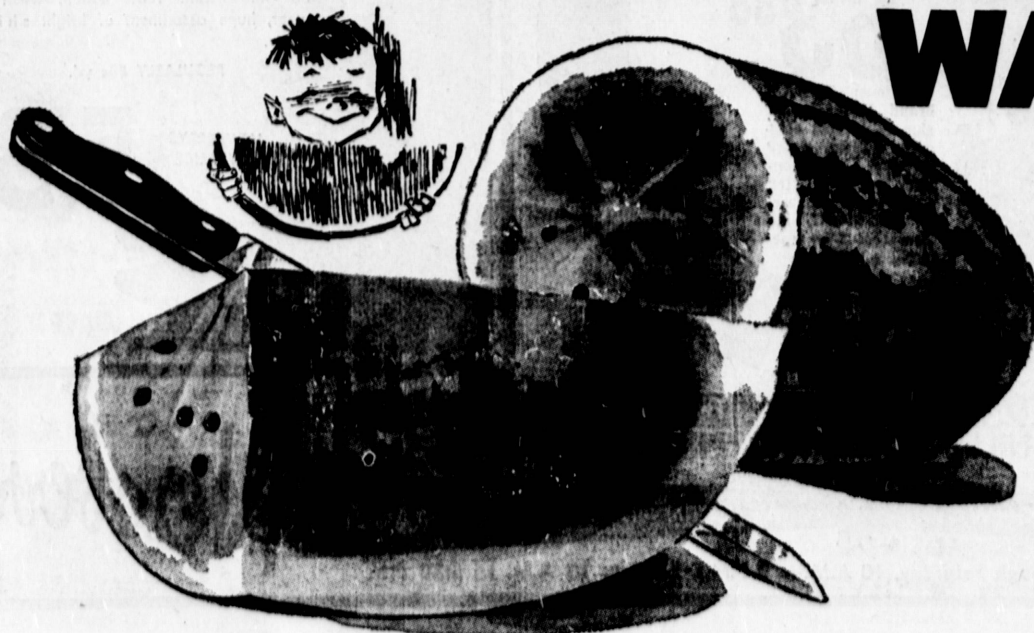
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