

Cattle and Oil: The Dominguez Struggle for Status

By Conor McGarry

California has been under control under the Spanish and then the Mexican governments with the final acquisition going to the Americans. Within in this time frame, there has always been an elite class who were at the top of the social order in the Los Angeles area. However, as new governments take over, the existing social elites may or may not begin to lose their status to newcomers. Many of these Californios wealth was based off ranching and agricultural activities, which provided a stream of income, but was offset by many Yankee and European newcomers, who were able to create and explore new markets like shipping, merchandizing, and finance. This enabled them to diversify and obtain wealth faster than the previous landed elites and the descendants and inheritors of old California wealth started the process to catch up.

Rancho San Pedro was owned by Manuel Dominguez and after he passed away, his descendants continued to own parts of it. The primary means of income for the Rancho for a large part of the nineteenth century was cattle. The Rancho was centrally located near the Bay of San Pedro, which was the main shipping point for beef and hides until the Railroad became one of the main roundup areas for the family and other ranchos.[1] The Railroad built in 1869 enabled more markets to be accessed and the animals were sent off to plants. The average price per head of cattle was stable around twenty dollars, with the largest return from cattle sales in any one year before 1880 being a little over twelve thousand dollars.[2] Around the time California became a state, the cattle business declined due to several reasons including increasing immigration into the area and long period of drought, which began in the 1860's, which dried up most of the pastures for animals.[3] Many rancheros were financially hurt and many of the ranchos had to turn to sheep grazing, which also faced problems with the lack of water. In 1872 the Rancho San Pedro had more then ten thousand sheep go up to the San Gabriel Mountains in order to get better pasture and fewer then two thousand returned which resulted in a loss of over ten thousand dollars for that year.[4]

Manuel Dominguez was able to keep a large tract of the Rancho after years of litigation, while other rancheros lost their land. His enlarged estates again brought many economic and legal troubles alongside the destructive droughts, which forced Manuel to develop new methods of agriculture.[5] Wages and

other costs of the Rancho increased and the new property taxes, which came under American law, added more concerns along with the American Civil War, which prevented products from reaching other markets.[6] He was able to prevent bankruptcy though the diversification into sheep grazing and increasing grain output, but even with these economic troubles, he continued to refuse to sell any sizeable portion of his land.[7] He refused to sell any land since he believed that changing economic conditions could increase the land value, and since this would lead to a better financial future, he was determined to hold onto the land.

The drought of the 1860's brought many rancheros of both Anglo and Spanish descent out of business and the Dominguez family was one of the few to survive. One of the sons-in-law to Manuel Dominguez, George Carson pushed for sheep raising due to his previous experiences and was able to add an average of a thousand sheep to the ranch flocks.[8] During this time as the first railroad was being built in Los Angeles, Carson persuaded Manuel Dominguez to deed some of the property on the Rancho to Phineas Banning for \$3.75, which was the fee for recording the deed and the payment of taxes for that year.[9] Carson and Dominguez did this because they knew that the products of their ranch would be able to reach new markets outside of the local ones and that the small railroad might have access to the Southern Pacific, which was larger.[10] That linkage happened in 1874, which encompassed all of the Los Angeles and San Pedro Cattle depots and provided each of them an opening to nationwide markets.[11]

The Rancho San Pedro was one of many ranchos in the Los Angeles area that was facing the changing economic times. Another ranch was Rancho Los Cerritos, which was owned by an Anglo but was bought when it was still under Mexican rule.[12] John Temple came to Los Angeles in 1827 and became a Mexican citizen, married one of the heirs of the Rancho Los Cerritos and eventually bought the Rancho from his wife's sisters and brothers. [13] The numbers of animals on the Rancho included around fifteen thousand cattle, seven thousand sheep and three thousand horses. [14] After California was ceded to the United States by Mexico, Temple's title to Rancho Los Cerritos was confirmed in 1853.[15] However, the drought of the 1860's again caused the deaths of thousands of cattle and Temple had to sell his Rancho for twenty thousand dollars to Benjamin and Thomas Flint and Llewellyn Bixby in 1866.[16] The Flints and Bixby's were very successful sheepmen and landowners from Northern California who came to the state from Maine during the Gold rush and the Rancho began to make wool-growing the dominant economic activity.[17]

John Temple, also known as Don Juan Temple was a very astute businessman who was liked by both his Mexican and American contemporaries. In 1852 he was the richest man in Los Angeles County with his assessments totaling around \$108,000.[18] Temple's economic trade in cattle, hides and tallow represented some of the last elements of the old California economy, in that the old elite began to fight to hold onto the land titles that they possessed in a new system of government with a different economic basis.[19] Los Angeles and Southern California was the least developed and desired areas in the State of California and lacked many of the formal structures that was present in San Francisco at the time. There was no formal banks in Los Angeles at the time and if merchants and farmers wanted to expand their business, they had to borrow from private businessmen who had unfavorable interest rates. These rates also helped to hasten the downfall of the Californio elite as they used their land as collateral for small loans and eventually went into massive debt.[20] A German Jewish immigrant named Isaias Hellman helped start one of the first banks along with other businessmen in the city and in 1868 Hellman, Temple and Company opened its doors.[21] Farmers and Merchants flocked to the bank in order to borrow money to buy land, plant crops and start businesses, and by the end of 1868, in just four months of businesses, the bank made 724 loans with an average of \$1,140 dollars each.[22] Besides the banking business Hellman, also became involved in the land trade. By 1869, land sales were growing in Los Angeles, which coincided with the ranchero's control slipping away because of debt, or the inability to prove their property claims in an American court, which led to developers rushing to these vast land tracts which were once owned by the rancheros.[23]

Hellman bought his first piece of land in 1863 when he was 21 years old and after that began to purchase as much land as he could.[24] During a three-month period in 1868, Hellman bought and sold plots of land worth almost twenty thousand dollars, while he generally paid market price for the land, he was sometimes able to acquire a few plots of foreclosure prices for only pennies per acre.[25] His expertise in real estate quickly made him one of the largest landowners in the area and would eventually own tens of thousands of acres throughout the region.[26] Once he bought a piece of land, he often was reluctant to sell it since he knew that the land would increase in value and within a few years the twenty-eight year old man living in a frontier town had a net worth of \$50,000 which is about \$900,000 in 2006 dollars.[27]

Hellman quickly made himself part of the new business class in Los Angeles. Hellman partnered with John Downey who was an influential political and economic figure in Los Angeles in forming a new bank that would turn Los Angeles from a town into a city.[28] Most of the men that would invest in this

bank already did business with either Downey or Hellman, and were determined to transform Los Angeles into a new economic hub and also advance themselves.[29] These men were not of the old Californio ruling class who had dominated the region for the past ninety years and was a reminder of how in such a short time the old ruling class became replaced by a new one, since most of the Californios did not make the transition successfully into the American rule and economy. [30] By the time the lobbying for investments was done, they had pledged \$500,000 thousand for the new bank which was five times more than what had been raised before in Los Angeles and this investment is equivalent to around \$8.5 million in 2006 dollars.[31]

The financial and land development investments were only some of the ways that Hellman was able to use to build his wealth. Hellman became Los Angeles most powerful trolley magnate, as more and more trolley lines crisscrossed the city.[32] Hellman also invested money in the Los Angeles Times by giving one of its owners \$18,000 in order to gain control of the paper and as the paper grew, Hellman could turn to the paper and ask that the pages offer his side of the story.[33] Hellman became a member of the boards of other financial institutions in the Los Angeles area in the 1880's. His real estate holdings were calculated to be worth \$1,477,980, which is about \$32 million in 2006 dollars.[34] Hellman also made investments and held stock in the emerging water and electricity industries while the Farmers and Merchants Bank and even Hellman himself offered loans and investments in the growing oil industry.[35] He also invested in the California Wine industry.[36] Hellman in a rather short period of time was effectively able to diversify his portfolio quickly and effectively, while the old Californio class was either devastated or attempting to catch up. Hellman had even purchased some land from the Dominguez family in the 19th century.[37] However, as the turn of the 20th century came about, Hellman continued his longstanding policy of refusing to sell any of the land, even as the Carson's were asking about buying back some of the land from Hellman, which he refused.[38]

As the old Californio's were losing out to some of the newcomers, some of the new Yankee immigrants began to profit extensively, besides Hellman. The enterprise of the Flints and Bixby's in farming, sheep growing and transportation helped to build the fundamental foundation of Los Angeles.[39] The old notions of ranching life was romantized as part of Old California under Mexican rule and this life was seen as fading away as new migrants were coming in and changing the economic situation.[40] Individuals like Isaias Hellman and the Bixby's represent the new elite class within the Los Angeles area and the basis of wealth for them was no longer tied purely to agriculture and ranching, but other more capital

based activities like banking and shipping which enabled these men to obtain greater wealth than the old class of Californios who were primarily land based in their wealth.

The Dominguez family had the legal support of the O'Melveny firm, which represented many of their interests during the 19th and 20th centuries. When Manuel Dominguez passed away, his land was portioned among his six daughters and they became clients to the O'Melveny firm and the firm handled the affairs of the family until the death of O'Melveny in 1941.[41] O'Melveny did legal work for one of the daughters husbands, Mr. del Amo as early as 1894 and the first recorded deal with the Dominguez lands occurred on September 5, 1895 when Mr. del Amo and George Carson met with Mr. O'Melveny to discuss building a sanitary district in order to drain some of the marshy areas north of San Pedro. [42] In January 1897, O'Melveny organized a corporation known as the Dominguez Ditch Company in order to deal with land and water rights and also construct irrigation works for the Dominguez lands, with this being the first of many corporations being formed in relation to the operation of the Dominguez land.[43] John F. Francis, George Carson and H.W. O'Melveny were the original board of directors. [44] This would be a long pattern of each of the family members continuing to operate on each other's companies and also catch up to the diversification that the other migrants were doing as well.

When John F. Francis died in 1903, O'Melveny began to manage the property for Ms. Francis and the other properties of the sisters.[45] The death of Josepha Dominguez de Guyer who was the oldest had O'Melveny execute her will in which the property from the 1885 partition amounted to more than 3,400 acres at a value of more than \$1,000,000.[46] The land was divided up among the remaining sisters and in order to solve the problem of dividing up the holdings, O'Melveny recommended the formation of a family corporation, which would in 1910 become the Dominguez Estate Company.[47] The de Guyer lands were transferred to the corporation and each surviving sister received one-fifth of the stock and at the request of the sisters and their spouses; O'Melveny became president of the company.[48] O'Melveny also worked out a deal in which Guadalupe who was the next oldest sister, would give her entire land holdings which was more than 3,000 acres to the Dominguez Estate Company in return for \$1,000 per month for the rest of her life. O'Melveny played an important role in the development of the corporate stage of the Dominguez lands and was instrumental in helping the family adjust to the changing economics.

O'Melveny's term as president from 1910-1935 saw a large amount of growth and development in the Los Angeles and San Pedro areas, with farming being superseded by oil.[49] Properties continued to increase in value and O'Melveny continued the tradition of Manuel Dominguez of keeping the properties that have a value to them and disposing of any that were too much of a tax burden.[50] In 1911, O'Melveny sold around 2,800 acres of land with the overall purchase price being \$950,000 or \$350 an acre, with O'Melveny handling the incorporation of the company that would handle the property on which would be Torrance.[51] At the same time the del Amo family sold 730 acres to the same company that would manage the land, which would be future Torrance.[52] O'Melveny would also help found the Dominguez Water Company in which the original board of directors would include members of the del Amo, Watson, Carson families and O'Melveny himself as president. O'Melveny was one of the crucial developers of the Dominguez Estates and helped to turn the property and also adjust for the changing times.

During the 1910's there was a series of really bad rainfall and it resulted in flooding the lower areas of the Los Angeles River and the possessions of the landowners downstream was destroyed.[53] The landowners below the Dominguez embankments sued for damages in the amount of \$157,000 and claimed that the construction of the embankments had concentrated the waters of the river which caused a large number of damage to their property.[54] The case came before trial in the Superior Court in 1916 and after three months a verdict was ruled against the Dominguez and Bixby families who were also co-defendants, but was eventually appealed to the California Supreme court.[55] However, due to the large size of the case and the many documents and maps that went along with it, the case was not decided until 1921 in the favor of the Dominguez and Bixby families.[56] O'Melveny was there to help the family expand their business interests, but also at the same time was used to help the Dominguez family keep their interests aligned.

There were other legal matters that the O'Melveny firm helped the Dominguez family with. One was a civil case in 1920 in which the Dominguez Estate Company sued the Los Angeles County Flood Control District on the basis that construction of a proposed embankment for the Los Angeles River would intercept and spread out water from heavy rainfall, which would damage the agricultural land that the Dominguez family owned.[57] However, the judge decided the Dominguez case in favor of the Flood Control District.[58] This continued legal issues going into the 20th century follows a long pattern going back to the days of Manuel Dominguez in which the family was constantly

engaged in legal matters regarding not only the possession of their land but also preventing other parties from encroaching on that land.

O'Melveny's history with the descendants of Manuel Dominguez, help us understand how the family was able to adapt to the changing economic situation. O'Melveny had many connections to the land title business and his career was extensively based around protecting landowners from suit.[59] O'Melveny handled many leases for Mr. del Amo and assume management of their financial affairs after the del Amos left for Europe.[60] In August of 1896 O'Melveny defended del Amo in a civil suit and also drew up Mrs. Francis' will in 1897 while also handling legal affairs for the Carson family.[61] By 1897 O'Melveny was drafting land leases for all the sisters, and was becoming a very useful man for the family as the 20th century came about. [62]

One of the major political struggles in the 1890's was over the construction of a seaport for the city of Los Angeles, members of the Dominguez family at first favored the construction at Redondo Beach.[63] However as the contest narrowed down to either Santa Monica or Wilmington-San Pedro, the Dominguez family supported the later and helped in the movement to obtain federal funding for deepening and widening the natural harbor.[64] They supported this move, because it would have traffic coming between Los Angeles and the San Pedro bay going through their lands.

O'Melveny's plans to incorporate many of the holdings of the family continued. On April 30th, 1912 the Watson Estate Company was incorporated with 6,000 shares of stock at a value of \$100 and its three directors were O'Melveny, James and Patrick Watson who each owned five shares.[65] The Watsons negotiated with the Union Oil Company about purchasing some land to use as an oil refinery, but the Watson Estate Company was lacking in any serious offers prior to the First World War.[66] However, the Dominguez Estate Company was continuing to sell and lease land.

The city of Los Angeles in 1912 purchased a strip of land, which connected the city with the harbor, with the 900 acres being bought for \$336,088.[67] The consistent water supply provided by the Water Company opened up Dominguez hill and other areas to new varieties of crops such as produce farms, citrus groves and nurseries in which the directors were keeping busy by approving new leases.[68] As the decade rolled on more than 5,000 acres of the Rancho San Pedro was under lease to tenants with the majority being of Japanese descent.[69]

While the relationship between O'Melveny and the Dominguez family was a very productive one, there were disagreements over the sale of land. Rentals to tenant farmers was never enough to pay for the living expenses of the family members or the daily operations of the corporations, with the Dominguez Estate Company leases producing about one-third more income than the Watson Estate Company, but neither were exceptional.[70] O'Melveny wanted to sell off parcels of land, invest the income in public utility or government bonds and generate interest and dividends to supplement rentals.[71] Family members however, wanted to remain faithful to Manuel Dominguez's mantra of "holding onto the land" and preferring to borrow money from lenders until the land became more productive, more popular to renters or generated oil revenue.[72] O'Melveny was against going into debt and pressured the Watsons into lowering their asking prices in order to stimulate greater interest in their real estate and most of the time, the Watsons followed his advice.[73] O'Melveny continued to represent the desire to change in the current economic circumstances which was consistent with the newcomer to Los Angeles while members of the Dominguez family continued a desire to not sell the land even if the times required them to reconsider it.

During the early 1920's oil was discovered in the Los Angeles area and this helped to create an oil boom, which would give a new opportunity for the Dominguez family. As land became more valuable to the oil industry, it made other venues less desirable and forever changed the landscape.[74] It made less sense over time for landowners to continue to refuse to sell or lease land.[75] Part of the reason for this was that a refinery in the 1920's would tend to pollute the environment, which would affect the value of the surrounding property, and since there were incentives to continue selling land because of the issues with the land.[76]

The first land sale was at \$1600 an acre and on Oct. 2, 1922 one of the Watson family members sold his 100 acre tract for a tank farm at a price of \$160,000 in 1922 dollars.[77] On October 7, 264 acres were sold for another tank farm for \$422,302; October 24, 10.5 acres were sold for \$16,938; another Watson homestead was sold for December 2nd for \$160,000 and finally on January 18, 1923 another 243.5 acres of the Watson tract was sold for \$389,579.[78] After a few months, the Watsons had disposed of 718 acres, but they had earned \$1,148,279 in 1922 dollars, but because of commissions and taxes, it was not complete profit, but at long last the Watsons were out of debt and financially secure.[79] The assets of the Watson Estate Company exceeded liabilities by \$3,377,585 of which more than half was in land.[80] The heirs of Manuel Dominguez were able to catch up with some of the Anglo businessmen during the 1920's but this was not without sacrificing some basic principles

passed down from the early days of the Californios. The families became very well established leasers of lands for the development of oil.[81]

The story of the Rancho San Pedro and Dominguez family is a story of a changing California. The economy and political situation under Mexican rule cemented the status of the Californios as the elite in the Los Angeles area, but when the Americans took over, they had to fight to maintain it. A series of bad environmental changes and the evolving basis of the economy financially ruined many of the established Californios and they gave way to a new group of elites who based their wealth on money and capital goods. These Anglos from the United States and even Europe were able to diversify their wealth and assets early on and were able to exploit and expand markets that the old elites were not able to. The Dominguez family and their descendants were one of the fortunate few who were able to keep their land even after the Americans took over and actually adjust to the new way of life. Manuel is a representative of that old Californio elite who were stuck in a new world and they attempted to maintain the old lifestyle that they knew, while their descendants were able to adapt and overcome.

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[81] Box 113, Folder 410, Oil leases with Hellman -Long, Inc, 1935

Photograph

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