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A RAZOR'S EDGE

Scott Newhall's pale blue eyes blaze like an acetylene torch. He leans forward. "I wish you wouldn't get involved in this," he begins, his aristocratic tenor rising like mission bells before a gathering storm. "Because it's going to be a bitter one," he says, "and we're going to kick hell out of you."

Hell hath no fury like this scion of wealth and privilege, to whom the grand sweep of California history belongs. At issue this evening, over an elegant dinner in the shadow of the Tehachapi and Santa Susana mountains, amid the manzanita, oaks and desert scrub, is an old-fashioned newspaper war that pits a landed family against powerful corporate interests; Scott Newhall, 74, and his crusading San Francisco

THE LIFE AND TIMES OF SCOTT NEWHALL

BY ELLIOT BLAIR
SMITH
PHOTOGRAPHS BY
MARK HANAUER

brand of journalism against contemporary standards of profitability and objectivity—"the clatter and clang," he says, "of today's branch-office style newspaper publishing."

To be decided as well may be the fate of the surrounding Santa Clarita Valley, the immense dry riverbed just 30 miles north of Los Angeles, whose ancient tributaries cut deep canyons into the earth and which are filling rapidly anew with the furthest outreaches of Southern California's urban sprawl. In his thundering front-page editorials, Scott Newhall often boasted that the bloodlines of Tombstone, Abilene and Bullfrog, NV, ran through this "grand and noble valley." But it is no longer the Old West's final outpost. Now, he fears, Santa Clarita is becom-

California Publishing's Brilliant Barnum



ing just another enclave for the wealthy and comfortable.

"I thought there was a chance we could work things out," sighs a pained Darell Phillips, a representative of Georgia-based Morris Newspaper Corp. who is the unfortunate bearer of Newhall's wrath. Phillips, 53, is a burly, bearded man who accepts the angry outpouring because he owes his position with Morris to Newhall. And because he makes it his business to get along wherever he goes, Phillips publishes Morris' six Northern California newspapers in Manteca. He is strong, competent, conciliatory. But amid this electrical storm, he is lost.

Scott Newhall is angry because 11 years ago he was forced to sell a controlling interest in his small country newspaper, the Newhall, CA, *Signal*, to Charles Morris, a soft-spoken Southerner he has come to revile. Deep operating losses and a family dispute cut him off from the funds he needed to carry *The Signal* through to its heyday now. As his newspaper's most visible asset, Scott Newhall stayed on over the years to run the show, his baroque front-page editorials appearing in their customary place above the fold. But a 10-year non-compete clause has finally expired, and he has rediscovered the source of his ire: If Morris does not sell roughly 20 percent of the newspaper's stock back to his son Tony Newhall, *The Signal*'s publisher, he will walk out and perhaps launch a rival publication. As the grand, elegant old man rails on, Phillips and Tony, 47, the earnest but devoted son, listen in silence.

For over 100 years, Scott Newhall's family and its corporate interests, the Newhall Land and Farming Co., have controlled this beautiful if mostly barren land, which was known to the Mexicans as Rancho San Francisco. California's first gold claim was registered here on March 9, 1842. Mexican outlaw Tiburcio Vasquez, before being captured and hanged in 1875, took refuge in the nearby Vasquez Rocks. To the northeast, Chinese coolies carved a mountain passage for Southern Pacific Co., which in 1876 connected Los Angeles with Oakland by rail. Later, California's first oil refinery arose on Newhall property as did some of the Golden State's most abundantly fruitful citrus orchards.

An enterprising auctioneer named Henry Mayo Newhall—Scott's great grandfather—acquired the Rancho San Francisco's dusty 47,000 acres for \$90,000 in January 1875. The Saugus, MA, panhandler arrived in California with the Gold Rush, and, though finding no fortune in the hills, lucratively employed his fast-talking skills in auctioning

the precious cargoes of ships that had rounded the Horn. The rancho was a remote speculation, at the time, but Newhall expected Southern Pacific's new railroad to fill the Santa Clarita Valley with settlers. Henry Newhall was, in fact, a visionary. But he miscalculated by roughly 100 years. When he died in 1882, the vast plain still lay empty.

Now the enduring traditions of Mint Canyon, Sand Canyon, Canyon Country, Newhall, Saugus and Valencia are at last giving way. From the imposing Magic Mountain amusement park to the fast food restaurants on nearby "Hamburger Hill," a new order is taking hold. To better direct these forces of change, the

old frontier towns incorporated themselves into the city of Santa Clarita, population 147,225, in December 1987, and city fathers are busily wringing their hands now over the rapid pace of development, the density of traffic and the scarcity of affordable housing.

"We see this valley becoming one of the great cities of the United States. We think we have a tremendous opportunity to create that here," says Thomas Lee, 46, the slight, soft-spoken but powerful chairman of Newhall Land and Farming, which controls much of the region's development through the vast remains of Henry Newhall's estate. Family members still own 38 percent of the company, including a small stake held by Scott Newhall, a Newhall Land director. But, in recent years, the

fragmented heirs have ceded control of their company and its vast domain to professional management. "We have a very strong economy, related to Los Angeles, which is clearly the most dynamic city in America today," Lee continues. "We can benefit from that great economic strength just over the hill. Yet we're separate from Los Angeles and the San Fernando Valley, and can create something separate and unique."

Already, while many Santa Claritans drive over the Newhall pass each morning to work in Los Angeles or the San Fernando Valley, many newcomers are attracted to the growing local employment base. Roughly two new corporate offices relocate in the massive Valencia Industrial Center each month. But as elsewhere in Southern California, the cost of housing is prohibitive, threatening to turn Santa Clarita into a moneyed retreat. Newhall Land, which built Valencia to its exacting standards, has just embarked on the second phase of its master-planned community. But, even though the price of entry into its paseo-style neighborhoods ranges up to \$450,000, entire developments are often completely sold very shortly after the first spade of dirt is turned.

SCOTT NEWHALL'S HELL AND HAIL MARY'S



"As our beautiful valley bursts with new life we dedicate this newspaper to the ultimate challenge of the American Free Press. It will fight your fights...and shed your tears."
OCTOBER 31, 1963

"Los Angeles County is a vampire, gorging itself on a banquet of blood from weary and desperate taxpayers..."
JANUARY 22, 1975

"We have excoriated U.S. Senators for too little legislation and too much fornication; and scolded Los Angeles County Supervisors for too much legislation and too little fornication; and cursed Sacramento Assemblymen for too much of both."
SEPTEMBER 10, 1986

"Just a brief reminder that ... nothing has changed in that Babylon of middle class sneak thieves, loafers and fornicators known as the United States Congress."
JANUARY 4, 1989

"For 25 years this writer served *The Signal*. It is a painful experience to sit by and watch [it] degenerate into just another chain-owned journalistic yam plantation..."
JANUARY 29, 1989

"Newspapering is a pleasure and a privilege ... the best and brightest world of all."
MAY 3, 1989



Scott Newhall, dashing and handsome, is, with his wife Ruth, 78, almost alone at the top of the old order. For 25 years, as editor and publisher of *The Signal*, he represented the contrary forces of law and disorder in a land he called Jackass Gulch. Before that, as editor of the *San Francisco Chronicle*, he buried William Randolph Hearst's famous *Examiner*. "He's Mencken with manners," a protégé says admiringly. In Santa Clarita, Scott was powerful and iconoclastic enough to often tilt against the family land company, which at times ran roughshod over the community. And he brought to the backward canyon country a bold, outlandish style of leadership perfected in the gilded corridors of old San Francisco.

But the crusading front-page editorials that made Scott Newhall loved and feared over a career spanning 50 years ultimately felled California publishing's brilliant Barnum. The beginning of the end came more than 20 years ago, when Newhall family patriarch Atholl McBean withdrew support for a \$125,000 loan that Scott needed to keep the leaky *Signal* afloat. McBean, chairman of a Newhall Land and Farm predecessor, White Investment Co., concluded he'd felt the sting of *The Signal* editorials too often and vowed to make his nephew pay.

Scott tried to maintain the publishing venture out of his own

pocket. But his fortunes were tied to family interests, and those interests were tightly controlled by the ancient McBean. Not coincidentally, after the crusty patriarch retired in 1968, the Newhalls took the land company public through a limited stock sale, forever removing it from the whims of hot-tempered mavericks the family had in seemingly endless supply. Unfortunately, for Scott, the damage had already been done. In 1972, a newspaper broker introduced Scott Newhall to Charles H. Morris, the publisher of small daily newspapers in Augusta and Savannah, GA, who agreed to advance him a \$125,000 loan convertible to a five-year option to buy 81 percent of the newspaper. As fate would have it, *The Signal* turned its first profit five years later and Morris took control.

Of Morris Newspaper Corp.'s 39 newspapers, which are published in seven states and yield annual revenues of \$108 million, *The Signal* is now the flagship, with annual revenues of \$7 million and a pre-tax profit margin last year "in the 20s."

Charles Morris liked and admired Scott Newhall when he met him in 1972. Over the years, however, their relationship—in which Scott played the surrogate father—grew strained. The Newhalls chafed at Morris's penny-pinching, contending it destroyed staff morale. And they believe Morris cheated Newhall's

Ruth Newhall, a legendary former San Francisco Chronicle reporter, ran The Signal for years while Scott tilted at windmills.

son Tony when in 1983 he acquired Tony's 19.2-percent stake in the newspaper, which represented the family's only remaining shares. Scott Newhall does not much like Charles Morris now, and doesn't mind saying so. Morris responds: "I like Scott Newhall. Let's just say I would not put myself in the position of relying on him in the future."

Scott Newhall's swashbuckling manner derives from a life of romance and adventure. He married Ruth in 1933, at the age of 19; then lost a limb chasing forgotten Aztec ruins on horseback in Mexico four years later. During World War II, he was appointed the *Chronicle's* war correspondent in Europe. And in 1952 he was named *Chronicle* editor, making him one of California's most powerful young men. Then in November 1963, looking for new challenges, he acquired *The Signal* for \$60,000 and returned to the horse trails of his youth.

Looking to save the dusty valley from its backward ways, Newhall railed against the corruption of elected leaders, myopic views of common folk and the steely fist of his own family businesses, contesting the "enjoyable mythology that this writer is nothing but a stalking horse for a big bad farming company that is planning to take over the whole region."

For reasons more economic than editorial in a town that could support only one newspaper, Scott Newhall challenged a rival editor in December 1965 to a duel on Main Street. "I'm Calling You Out, Art Evans," he cried in a mocking front-page editorial. The rival never showed and the town was Newhall's.

Over the years, as his newspaper grew from a small weekly to a 42,000-circulation daily, he zealously guarded his domain, calling the competing *Los Angeles Times* "that gangling, shaggy, gray mastodon of printed oatmeal porridge," and referring to the encroaching county seat as "the great, hopeless, slobbering super metropolis of Los Angeles." "He's a visionary," says Thomas Lee, Newhall Land's present chairman. "Of all the people I know, he has the greatest vision of what the city can be." But the sun is at last setting over Scott Newhall's shoulder.

Just before the end came on Tuesday morning, August 9, 1988, Darell Phillips shouldered his friend Tony Newhall aside at *The Signal* offices and asked once more: "Jesus, are you sure you want to do this?"

"No," Tony said.

"Well, I don't think Charles wants you to do this, either," Phillips said emphatically. With Scott Newhall busy elsewhere, Morris's representative still hoped to reach a compromise with *The Signal's* respected young publisher.

Phillips felt Scott Newhall's vitriolics were one obstacle to negotiations. Another was Tony Newhall's insistence that Morris sell the stock back at its 1983 value. Under the original agreement, Morris had paid 1-1/2 times *The Signal's* gross revenues to buy the newspaper. Five years later, Morris bought Tony

Newhall's shares under the same formula for \$779,186. The younger Newhall needed the money to settle a debt with his brother and to buy a house. By Phillips's reckoning, that stock was now worth \$1.8 million.

"Charles was not against letting him back in," Phillips observes. "But he didn't want to give him the original deal. So I said, 'Why don't you split the difference—\$1.3 million?'"

"No," Tony replied reluctantly. "It just isn't going to work. [At] 3 o'clock I'll announce my resignation to the staff."

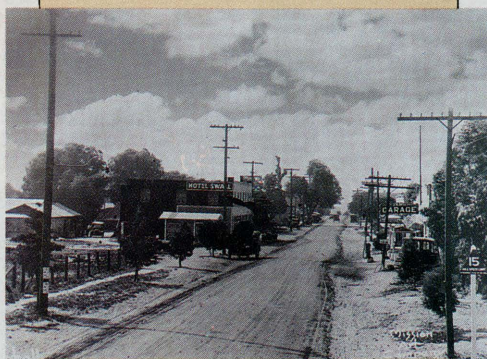
Everyone who was there that day recalls the meeting with great anguish. But they also believe it was a watershed for a community that had grown up under the Newhalls' benevolent despotism. "It was a very emotional scene," says Phillips, who took over as interim publisher. "I came back here into my office, closed the door and called Charles. I didn't know what I was doing here." Over the next few days, Phillips received 17 staff resignations, a number that later grew to 20. "Every half-hour, somebody would come in and there'd be another resignation on my desk," he says in quiet disbelief. No one knew that just four weeks hence, the Newhall family and a dozen departed *Signal* professionals would inaugurate the competing, twice-weekly *Santa Clarita Citizen*. Its rallying cry was the Latin "Illegitimi non Carborundum," to which Scott Newhall delighted in saying: "It means don't let the bastards grind you down."

Scott Newhall launched *The Citizen* on September 11, 1988, its haphazard pages produced by a handful of *The Signal's* former top staffers who competed fiercely against their old colleagues. Their resources were limited, their desks pressed tightly together. But they followed the Newhalls

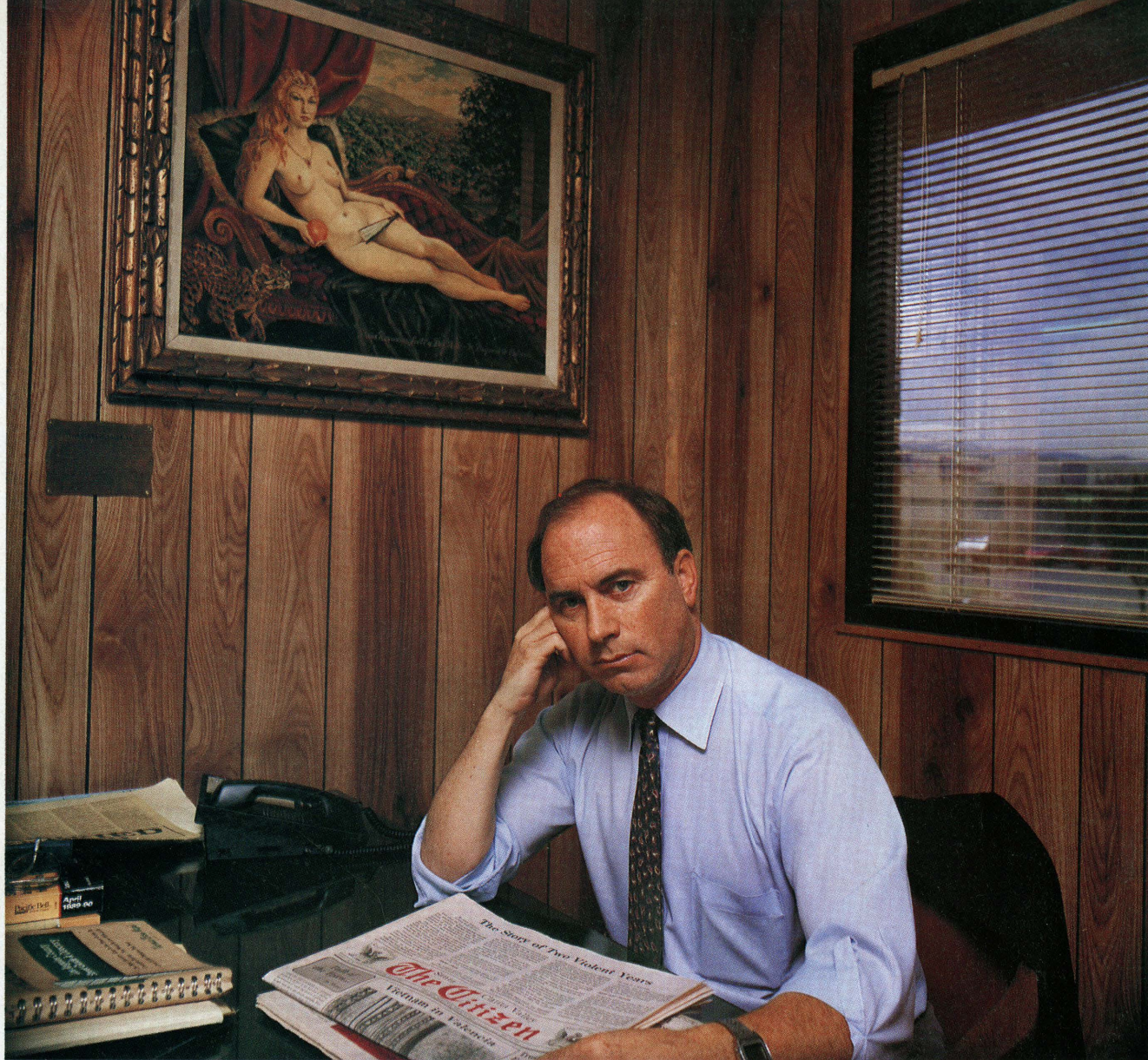
out of unswerving loyalty, taking symbolic pay cuts of \$1 a week and no guarantees as to how long the 40,000-circulation *Citizen* would survive. Leading the charge, Scott termed himself a "simple, inoffensive newspaper man who goes to work late of a morning with a spelling book close at hand and a flask of Geritol on his hip." But he also plunked down \$1 million to make the venture work. And for a time it did.

Ruth Newhall, a legendary former *San Francisco Chronicle* police reporter who for many years ran *The Signal* while Scott tilted against windmills, held forth in the makeshift *Citizen* newsroom. And Scott himself, after winding down for most of the past decade like an old clock, labored with renewed vigor. In a front page farewell to Morris and *The Signal*, he wrote: "How sweet to be beyond the reach of booted and spurred bookkeepers who cannot distinguish between mixed metaphors and split infinitives, and who cannot recognize a dangling participle unless it "is reposing a few inches immediately below the belt buckle." But son Tony, still bound by the terms of Morris's 10-year, non-compete clause, could not follow them. And without Tony's ability to combine the practical resources of his mother and brilliance of his father, *The Citizen* grew hard-pressed over the next months to attract advertisers or readers. "That's the single most impor-

Newhall, 1919. A town of noble bloodlines. A final outpost of the Old West. The town of Scott Newhall's youth.



He takes a moment, then sighs, "The future has nothing to do with us."



tant problem we're faced with," Scott acknowledged one cold morning in January, shortly before his 75th birthday. And for a brief midwinter moment, the Newhall family's golden boy reflected every one of those 75 years.

Months later, one day in May, Scott Newhall abruptly walked away from his upstart newspaper, in the town named for his great-grandfather, finally accepting that his proudest hopes, his vainest ambitions and much of his wealth had been consumed by age and the flames of passion. The proud phoenix that rose from *The Citizen's* mast descended again into ash. "We decided that after a six month start-up period, we could detect the flavor of success or failure, and read the omens of the future," the grand old editor declared in his farewell. "Well, after six months the omens were not favorable. Yet as a matter of pride we carried on for two more months. ... But today, if we continued, pride would have turned to simple vanity—and vanity is not an attractive virtue."

For Scott and Ruth, who have withdrawn to a picturesque Victorian mansion amid the surrounding mountains and orange groves, the prospects are less certain. Dressed in a finely tailored blue serge suit that could be, and probably is, an an-

tique, Scott Newhall still likes to tell of surviving that perilous horseback ride across Mexico, a steamship transit across the stormy Atlantic, the proposed duel with a rival newspaper editor, even the foiled attempt of a hired killer and the burning to the ground of his graceful mansion, which the Newhalls rebuilt even lovelier than before.

But even a life so rich in experience cannot defend itself against the impress of time. "Don't get to be my age and start a newspaper," Newhall warns, "Just don't." He takes a moment for himself, then sighs, "The future has nothing to do with us."

"At my age, you can't think of the future or make any promises," continues Ruth, whose narrow shoulders remain the iron bedposts around which Scott drapes himself. But if the Newhalls appear somehow uncertain of themselves now, not entirely convinced of their rightful places on the rugged western skyline, all they need do is look back at Santa Clarita's brilliant 20th century, which they themselves have chronicled. Until the very end, the Newhalls played leading roles in that great pageant. And even at the end, they did not go out without raging against the dying light.

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When Scott Newhall's son Tony resigned as publisher of The Signal, it was a watershed for the community. The end of an era.