Developer’s Impact Lingers
Rise and Fall of E. G. Lewis, Palos Verdes Promoter

By LAUREN TSUJIMOTO

E. G. Lewis was the most unusual man I’ve ever met.
—Harold Wilken, bookkeeper, Atascadero

The Palos Verdes Peninsula, protruding into the Pacific between the coastal cities of Redondo Beach and San Pedro, is home to some 61,000 Californians.

Characterized by quiet, tree-lined residential streets, open expanses and ocean views, the idyllic area actually falls short of the 200,000-resident, master-planned community proposed in the early 1920s by the controversial land developer, E. G. Lewis.

Part of the Vision

Although Lewis’ plans for the region never fully materialized, he left his imprint on a portion of it—helping to lay the groundwork for the areas known today as Palos Verdes Estates.

A collection of letters, telegrams, maps, photographs, notices and meeting records documenting Lewis’ involvement in the Palos Verdes Project of 1922 has been donated to Marymount Palos Verdes College by his nephew, George B. Lewis.

A civil engineer and resident of Ventura, George Lewis said he donated the memorabilia to the school because his uncle had always envisioned a college on the peninsula.

"I was part of his master plan," he explained.

E. G. Lewis

The collection, only a portion of the reams of paperwork George Lewis managed to salvage after his uncle’s death in 1930, is partially displayed at the Marymount Palos Verdes College Library. The bulk of the items donated to the school are available for research by appointment through the Office of College Relations.

By the time E. G. Lewis (the initials stand for Edward Gardner) became involved in the settlement of the Palos Verdes Peninsula at age 23, he had already developed Atascadero in San Luis Obispo County and University City in Missouri. In addition to being a developer, he was a periodical and newspaper publisher, an advocate of women’s suffrage, founder of the nation’s first bank-by-mail service, builder of a vegetable dehydrating plant, and also involved in mining and oil exploration.

Turn of the Century

Lewis was an innovator in architecture and has been credited with laying the development for the modern home.

Wheels Set in Motion

It was in 1921, while Lewis was at Atascadero, that Pranke Vanderlip of New York contacted him regarding the purchase and development of 18,000 acres on the Palos Verdes Peninsula. A New York financier, Vanderlip owned the entire peninsula and spent his summers there.

"After inspecting the property," Lewis later wrote in his autobiography, entitled "E. G. Lewis—Fraud or Friend?" "I contracted its purchase at a price of $5 million (1918 dollars)...."

He pictured a model community on the peninsula—complying to strict architectural and landscape requirements—complete with...
LEWIS: Impact

Continued from Second Page

Park's wide streets, golf courses and community swimming pools.

Promotional work started and the fur began to fly. A telegram dated March 30, 1922, to the editor of the Los Angeles Examiner from J. E. McDonald read:

"Suggest you investigate E. G. Lewis before running any more of his ads (sic) if you honestly wish to protect your readers. In one set of circulars he holds out gigantic promises and in another set he sidesteps past due obligations to his thousands of old oil investors . . . in my opinion he is paying for his big Palos Verdes advertising campaign with money diverted from investments in his huge unsuccessful docolebug oil promotion in Montana."

Overflow Crowd Reported

On June 28, 1922, a meeting of project underwriters was held at Trinity Auditorium in Los Angeles. The crowd overflowed, roughly 3,000 people managed to squeeze into the building, and a second meeting was called.

Working as general manager of the Palos Verdes Project, Lewis secured an underwriting subscription of trust indenture notes totaling $35 million. The subscribers were assured their money would be well spent.

"And I tell you that $30 million which will be spent in the construction of the City of Palos Verdes is equal to $250 million spent in the way any other city has ever spent it," he told the underwriters.

A large measure of Lewis' entrepreneurial success was no doubt due to his optimistic outlook on life. Records of the underwriters meetings quote him as having said, "I am frank to state that if I fell out of a 27th story window, as I passed the second floor I would say, 'It's all right so far.'"

Unfortunately for Lewis and his grand plans, things weren't "all right so far." Early in 1923, the title company withdrew as trustee, returning all funds to the underwriters. The trusteeship was taken over by Commonwealth Trust Co. and about 80% of the original subscribers reinvested in the project. From these funds the Vanderlip Syndicate was paid $1.5 million (there is some disagreement among sources on this figure) for more than 3,000 acres. Work began.

Resignation Followed

Lewis' remaining involvement with the project was short lived. The Palos Verdes Bulletin, Vol. 1 No. 2, reported that he resigned from the project management and active participation on Feb. 23, 1924. The publica- tion further stated that "in spite of publicity over Lewis' financial affairs . . . the project has not been impaired."

According to newspaper accounts, a bankruptcy suit listing debts of about $20 million was filed against Lewis that year, in 1925, some 10,000 creditors with claims totaling about $10 million forced Lewis into bankruptcy.

Three years later he was convicted on mail fraud charges in connection with subscriptions collected for his California Illustrated Review and sentenced to five and six-year terms at the penitentiary on McNeil Island near Tacoma, Wash. Evidence presented during the proceedings indicated that Lewis had collected between $30 million and $50 million from investors up to that point in his life.

After his release on parole for the second time in 1935, Lewis filed a pauper's affidavit: renouncing all interest in amassing another fortune. A man both acclaimed and condemned during his lifetime, he died in Atascadero on Aug. 10, 1950, at the age of 81.

The 3,200 acres purchased from Vanderlip became the City of Palos Verdes Estates. Vanderlip retained the remaining acreage, known as Rancho Palos Verdes, until it was subdivided in the 1930s with the opening of the Rolling Hills section of the peninsula.