

A Segerstrom Family Portrait

How one family of Swedish immigrants sowed lima beans and reaped South Coast Plaza.

BY LESLIE BERKMAN
Times Staff Writer

At the turn of the century, the Segerstroms of Orange County were a tenant farming family whose only wealth consisted of children and ambition.

Today they oversee a land-rich kingdom studded with shopping centers, high-rises and industry.

The family partnership of C. J. Segerstrom & Sons developed and owns most of South Coast Plaza Mall in Costa Mesa, one of the most profitable and renowned shopping centers in the world.

The Segerstroms, by all standards, are wealthy and influential. They are also major patrons of the arts in Orange County.

At one of their rare public appearances last May, the Segerstroms announced during a press conference that they were donating five acres of land within South Coast Plaza as the site for a future performing arts center. The gift is valued at \$5 million. The center is expected to be the hub of Orange County cultural activities and is intended to be the equal of the Music Center in Los Angeles.

The Segerstroms' donation of land also lent the stature of their name to a fund-raising drive to finance the construction of the proposed center. They further pledged \$1 million of their own to the project.

The music center building site is beside the South Coast Repertory Theatre, which stands on land also donated by the Segerstroms.

The performing arts center, when completed, will be another attraction in the Segerstroms' South Coast Plaza development, which some say is quickly growing into the "downtown" for which Orange County's suburbs have been searching.

The multi-level mall beside the San Diego Freeway is the crown jewel of the Segerstroms' fortune. Last year South Coast Plaza Mall grossed

needed a huge shopping center in what many considered "the middle of nowhere."

Today, the dominant figure in C.J. Segerstrom & Sons is Henry Segerstrom, 56, who holds a master's degree in business administration from Stanford University.

It was to Henry Segerstrom, the managing partner of the family firm, that promoters of an Orange County music center turned in their search for a building site. And it was his initiative that is credited with bringing such prestige firms as Mark Cross and Saks Fifth Avenue to the plaza.

As a member of the boards of directors of the

Orange County Water District and the Southern California Edison Co., Henry also has direct contact with other business and government leaders.

He has been described as the family's "quarter-back," who, despite his star status, works as part of a team.

As many who have done business with the partnership will testify,

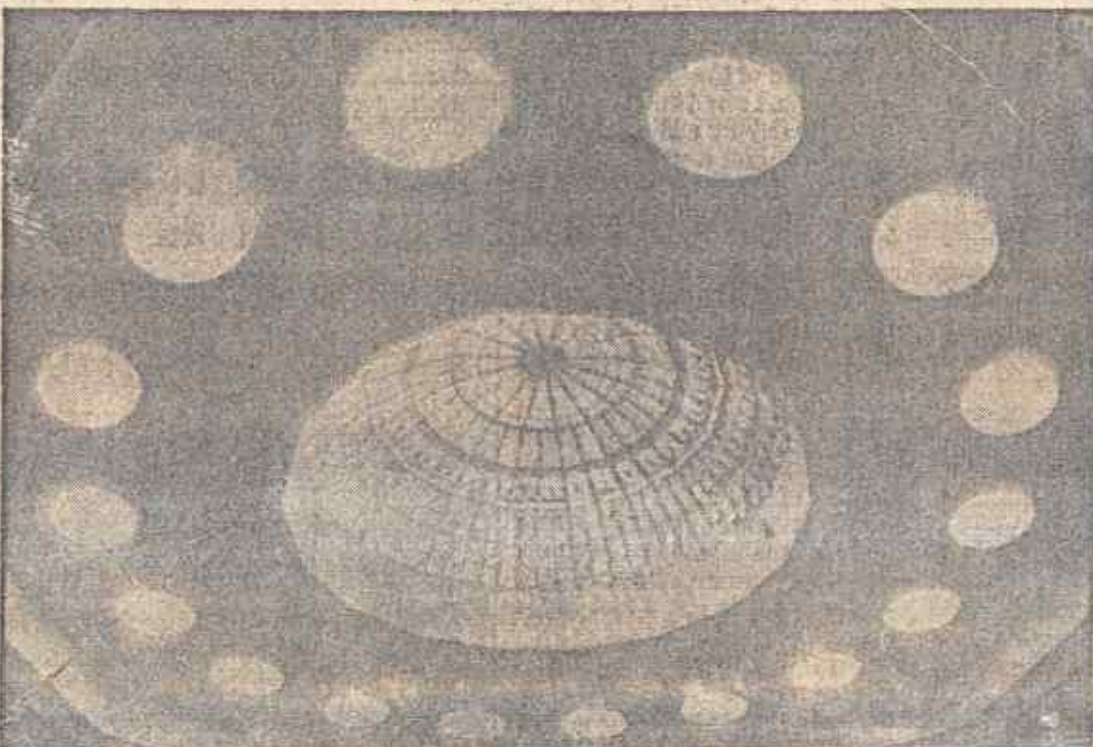
anyone who negotiates with Henry is told he also must win the approval of his mother, Nellie Ruth (Ruth), and his cousin, Harold Jr. (Hal). The three jointly listen to proposals and confer before any decision is reached.

Gene Robens, former general manager of South Coast Plaza and a friend of the family, said the

Los Angeles Times Orange County

Part X

SUNDAY, OCTOBER 7, 1979



△ The Segerstroms on the farm Thanksgiving Day, 1933. Children in the front row are, from left, Henry, Harold Jr. and Ruth Ann. Adults behind them are, from left, Ann, Ruth and her husband Anton, Ida, William, Bertha (the matriarch), Fred, Harold Sr. and his wife Vera. Woman wearing coat was a family friend. In picture at right is Henry, managing partner of the family firm, as he appears today. Below is a view of South Coast Plaza Mall, the jewel of the Segerstrom family fortune.

family members briskly debate issues among themselves. But he contended that much of the Segerstroms' "secret of success is that they never left the room and made a decision unless (they all) supported it."

So strong is the sense of solidarity, Robens said, that when he worked for the Segerstroms he always addressed his memos to "the family" and used the same appellation when speaking to them as a group.

The family's matriarch, Mrs. Ruth Segerstrom, is an amazingly vigorous and youthful appearing woman of 81, who can be found each day attending to business in her office at the partnership's Costa Mesa headquarters.

Mrs. Segerstrom's involvement in the partnership reportedly has greatly intensified since the death in 1963 of her husband, Anton, formerly the senior member of the partnership.

After the death, Harold Sr., Hal's father, assumed the leading role in the partnership until he died in March of last year. Henry then succeeded him.

Hal, 51, described as more easygoing than his cousin Henry, has been assigned the less glamorous, although important, duty of overseeing the family's still substantial farming enterprises.

Like the Irvine Co., the Segerstroms use their farming program to reserve their land until conditions are right for its development.

Of the 700 acres that C.J. Segerstrom & Sons now owns in Santa Ana and Costa Mesa, 450 acres still are planted in lima beans, although the land is zoned for homes and industry.

Some of the most valuable of these fields lie along the San Diego Freeway, where major corporations are expected someday to build regional, national or international headquarters.

The Segerstroms have no timetable for industrial development, partnership employees explain, because they are patiently waiting for the best deal.

The music center building site is beside the South Coast Repertory Theatre, which stands on land also donated by the Segerstroms.

The performing arts center, when completed, will be another attraction in the Segerstroms' South Coast Plaza development, which some say is quickly growing into the "downtown" for which Orange County's suburbs have been searching.

The multi-level mall beside the San Diego Freeway is the crown jewel of the Segerstroms' fortune. Last year South Coast Plaza Mall grossed \$188.8 million in sales, topping, as usual, all other shopping centers in Orange and Los Angeles counties.

And the mall — 2 million square feet of stores and restaurants — is only part of a 200-acre retail, business and entertainment complex.

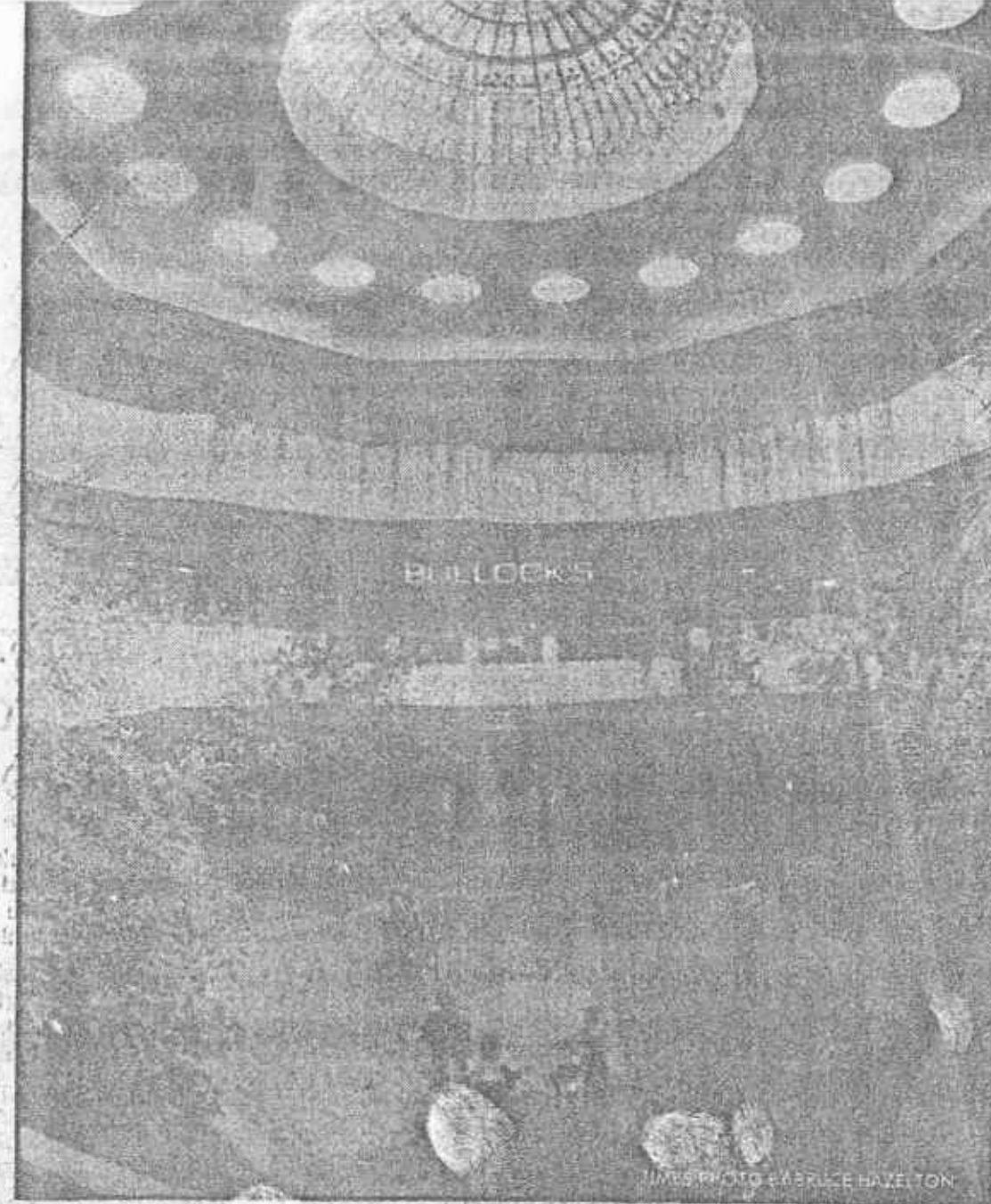
Across the street from the mall, an outcropping of glass and steel structures signifies the first phase of South Coast Plaza Town Center. The Town Center includes a 17-story hotel, Downey Savings & Loan's geometrically striking corporate headquarters, other financial buildings, two movie theaters, South Coast Repertory Theatre and a new gleaming black high-rise office building (which will number among its tenants some of the nation's most prestigious accounting firms).

In the offing for the Town Center are more high-rise office buildings (the construction of twin 15-story towers is scheduled to begin this month), more movie theaters, a sculpture garden and, perhaps, a major expansion of the existing hotel and the addition of another.

While the growth of the Segerstroms' commercial empire is a dazzling visual phenomenon in Orange County, the Segerstroms themselves are seldom seen or heard in public.

The Segerstrom family through the years has avoided — to the point of rejecting — personal publicity. They refuse to grant interviews, relaying through a spokesman their distaste for questions about the family.

As a result, the public knows little about the Segerstroms: how they advanced from tenant farming to becoming the nation's largest independent growers of lima beans and how they pio-



conditions are right for its development.

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So projects — most recently the construction of buildings for the Stanley Tool works and Digital Equipment Corp. and the sale of expansion land to the Los Angeles Times — usually are undertaken only when circumstances warrant.

Another reason for the slow development pace is the family's reluctance to sell land, said Greg Butcher, the partnership's director of development. He said the family prefers instead to lease land or buildings to select firms. (Exceptions are made, Segerstrom officials explained, in cases where a land sale is the only way to attract a prize company.)

Frequently the family develops in joint ventures with firms (like Prudential Insurance Co.) that can supply the necessary construction capital, Butcher added.

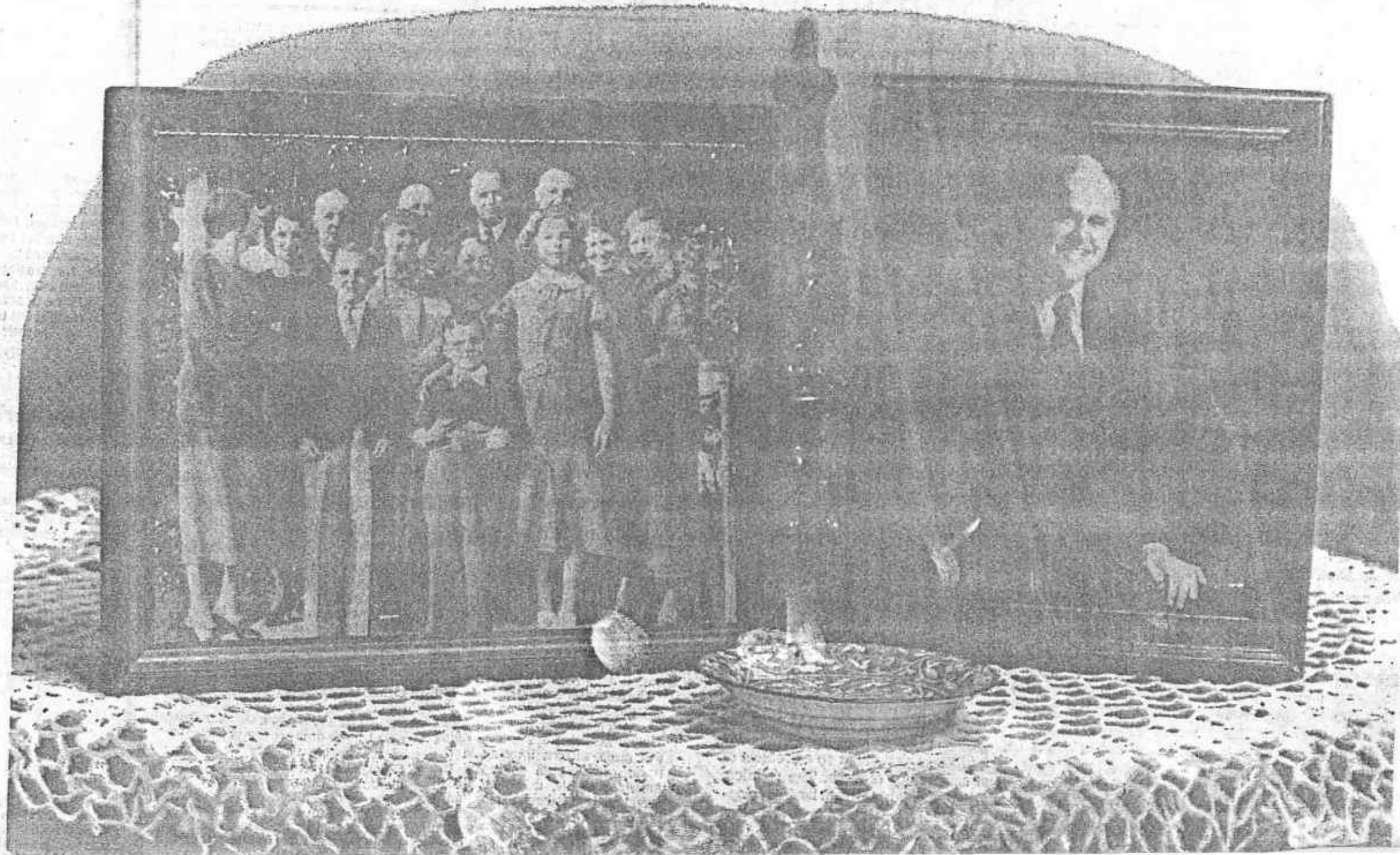
The family's long-term, quality-oriented developments, meanwhile, have won kudos from city officials. Charles Zimmerman, Santa Ana's planning director, says the projects usually are so well-conceived that they are approved with little debate.

Although the present partners of C.J. Segerstrom & Sons refuse to reminisce publicly about the past, a constant reminder of their heritage, the family's 1915-vintage farmhouse, stands next door to the partnership's modern office building on Fairview Ave. in Costa Mesa.

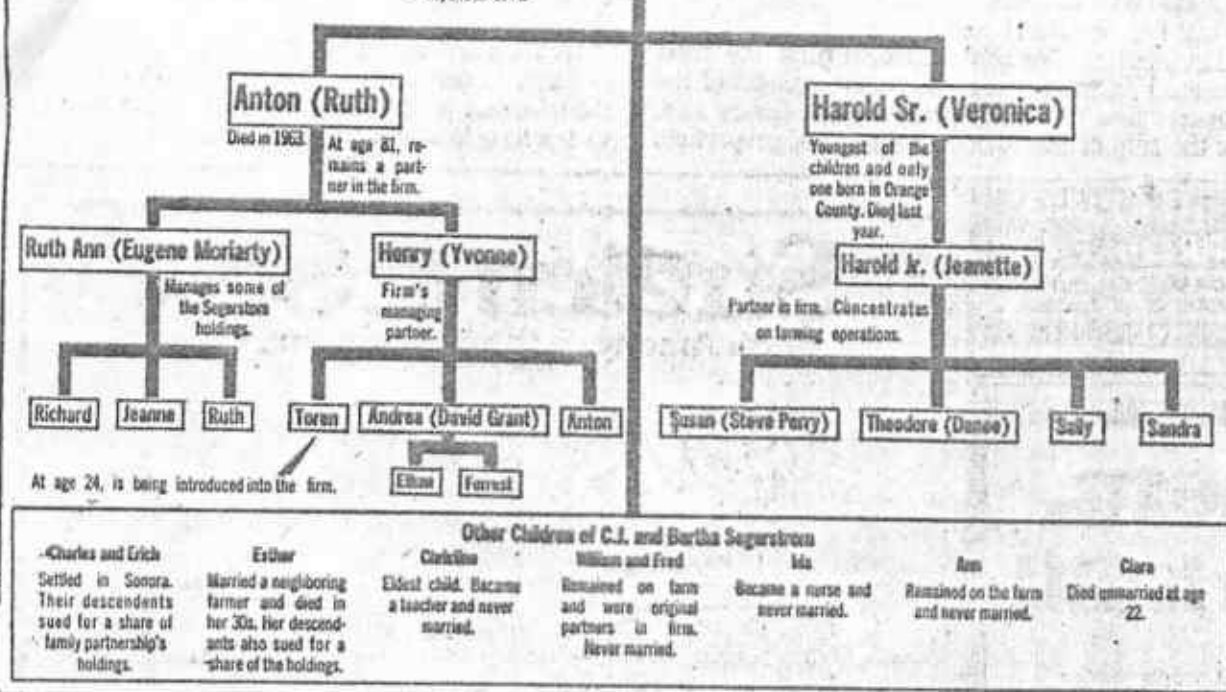
None of the Segerstroms lives in the tree-shaded farmhouse with the red barn in the back. Before the office building was constructed, the house served as the family's combined business and living quarters. Visitors say, however, that

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OCCGS REFERENCE ONLY



C.J. and Bertha Segerstrom
 Immigrated to America in 1882, to Orange County in 1888. He died in 1928, she in 1944.



FAMILY TREE — This abbreviated genealogy of the Segerstroms traces the two lines of the family who today control C.J. Segerstrom &

Sons, the partnership that develops and manages the Segerstrom holdings in Orange County. Names of spouses are shown in parentheses. Times illustration by Steve Lopez

THE SEGERSTROM FAMILY

Continued From First Page

the house is still well maintained. The family partners still meet there daily for lunch.

Of more significance are the Segerstroms' emotional attachment to their land, their internal organization and their conservatism — all holdovers from an agrarian and old-world lifestyle.

In 1882, 28-year-old Carl John (C.J.) Segerstrom, his wife, Bertha, and their three children left Sweden and, after a stormy two-week voyage across the Atlantic, settled in Chicago.

For 16 years the Segerstroms' growing family lived in parts of the Midwest. For 13 of those years, C.J. was a railroad worker in St. Paul.

But in 1898, C.J., then 44, took the family west to pursue the career for which he had been trained in Sweden — farming.

The Segerstroms traveled to the city of Orange, where they leased 20 acres of farmland. One day on a wagon trip, C.J. saw what he wanted — land flat and rich enough to grow just about anything — in an unincorporated area that is now part of Costa Mesa.

By then the Segerstroms' last child (their 11th), Harold Sr., had been born. There were five daughters and six sons who inherited their Nordic ancestors' tall and broad-shouldered strength.

Together they ran a dairy and grew alfalfa on 40 acres of land they leased and later bought. (In time, they bought a

second dairy, located where South Coast Plaza Mall now stands, and they increased the 40 acres to more than 2,000.)

Dairy farming had its problems — newfangled milking machines that injured cows and dairy workers who threatened to unionize — so the Segerstroms turned to lima bean farming.

The Segerstroms still faced their share of hardships, including coping with waters that regularly overflowed the banks of the undammed Santa Ana River. The family persisted, however, and became experts at cultivating lima beans; so expert, in fact, that by 1956 they were the nation's largest independent producers of lima beans.

Even in adulthood, most of C.J. and Bertha's children stayed on or near the farm to contribute to the family enterprise. Six of them never married.

Robert Meyer, one of C.J.'s grandsons who spent some time on the farm as a boy, said that even back then the Segerstroms negotiated as a group. When seed and farm equipment salesmen came knocking at the farmhouse door, Meyer said, they were peppered with questions from three or four of his uncles. "What one uncle didn't think of, another would," he recalled.

Always the family's overriding ambition was to exploit every opportunity to buy more land.

William Segerstrom, a cousin of Hal and Henry, says today that much of the money that enabled the family to buy surrounding farms was provided by William's father,

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Letters

Continued from 2nd Page

on the county's behalf will take the full-time efforts of an exceptional individual. The barriers to the solution of these problems are formidable. In some cases the opposition of northern "cow" counties must be overcome as it is they who will lose funds if we are successful. In other cases the obstacles are large urban counties such as Los Angeles.

These are not the types of political issues which can be resolved by an advocate who has to divide his time between these efforts and those of other clients. Full-time problems require full-time problem-solvers.

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THE SEGERSTROM FAMILY

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Charles, and his uncle, Erich — Hal and Henry's brothers. Charles and Erich, C.J.'s eldest sons, left the farm as youths to seek their own fortunes. Eventually they established households in Sonora, Calif.

William said the two brothers in Sonora were quite wealthy in those years. They made their mark in banking and the title insurance business and owned hotels in San Francisco. But, most importantly, Charles struck it rich in gold and tungsten mining. His tungsten mine in Nevada was once the largest in the nation.

William recalled that whenever his Orange County relatives telephoned his father to tell him about a farm for sale, his father always had one word of advice: "Buy."

He also said his father and uncle sent to the family whatever money they could to help with land purchases.

Unlike Henry, Hal and Ruth, there are some Segerstroms — William included — who are willing to talk about the Segerstrom family history. They are not, however, partners in the C.J. Segerstrom & Sons partnership.

They are, rather, the children of Charles, Erich and Esther (C.J. and Bertha's only married daughter), who once claimed that they failed to receive their rightful inheritance in the property accumulated by C.J. Segerstrom & Sons.

The dispute erupted in 1964, they say, after the deaths of Henry's father, Anton, and his spinster aunt, Ann.

According to court records, Ruth, Harold Sr. and Henry Segerstrom filed a lawsuit in Orange County Superior Court to contest claims that anyone but members of the partnership owned title to the Orange County holdings.

Named as defendants in the suit were 11 grandsons and granddaughters of C.J. and Bertha Segerstrom and their spouses, scattered from Villa Park to Sonora to La Jolla to Bakersfield.

The rebuffed relatives then countersued, arguing that they automatically inherited an ownership interest in the property through the estate of their grandmother, Bertha, who had died without a will.

Ultimately the family settled its feud without a trial, although some bitterness still lingers.

C.E. Parker, an attorney and husband of Marilyn Parker, Esther's daughter, recently said that the Segerstrom partnership agreed to distribute \$932,500 to his wife, his wife's brother and the heirs of Charles and Erich on condition that they drop their legal claims. They agreed.

The settlement left the descendants of only two of C.J. and Bertha's 11 children — Harold Jr. and Anton — as part of C.J. Segerstrom & Sons.

Originally, the partnership, formed by all the male Segerstroms on the Orange County farm, consisted of C.J. and his sons — Anton, Harold Sr., Fred and Will. The latter two lived on the farm and remained bachelors. Anton and Harold raised families in Santa Ana and commuted to the farm daily.

While the men worked in the fields, the housework and cooking of the large midday meals were handled by Bertha and the four of her daughters who never married: Clara, Ann, Emma Christine (Christine) and Ida.

Over the years, the size of the family behind the C.J. Segerstrom & Sons partnership has been greatly reduced by death, then partially replenished by the arrival of new generations.

Today, in addition to the three partners, there is Gene Moriarty, husband of Henry's sister, Ruth Ann. He manages the family's Mesa Verde Shopping Center in Costa Mesa and Segerstrom Center, six acres of office, bank and department store buildings and parking lots the Segerstroms own at 10th and Main Sts. in Santa Ana.

In preparation for the takeover by the next generation of Segerstroms, Hal's son, Ted, and Henry's son, Toren, and son-in-law, David Grant, already have become active in the partnership's business.

Twenty-four-year-old Toren Segerstrom, unlike his father and uncle, readily agreed to an interview, in which he said that the partnership nowadays is broadening its focus past the financial betterment of the family to include the welfare of the community that Segerstrom development is helping to create.

He said that the music center donation is evidence of the family's newly awakened community awareness.

He explained it was difficult for the older generation of Segerstroms to realize they no longer lived in the country.

Admittedly influenced by the social movements of the early '70s, Toren said he dropped out of college to live several years in a commune in Oregon. He later decided to return to the family partnership, he said, to put his ideals into practice.

Currently, Toren is participating in the development of a 70-to-100-acre industrial park on Harbor Blvd. in Costa Mesa, a joint venture with Newport Development Co., a firm composed of well-regarded former Irvine Co. executives. "Mostly, I'm learning from the best," he said.

Toren, who says he is not much interested in enlarging his wealth, drives a '71 Datsun pickup truck and lives in a home on Balboa Peninsula, where he raises his own tables.

first time the partnership has drawn a master plan for phasing out its agricultural program. The farm's longtime foreman has retired, and this year a highway will be built directly through the Costa Mesa homestead, further signals of the farm's urbanization.

Toren said he was glad his family stood its ground before the onslaught of development rather than follow in the footsteps of neighboring farmers who sold out for quick profits and moved to the Imperial or Coachella valleys.

Toren credited his father with encouraging the family's early diversification away from agriculture. It was Henry, he said, who persuaded the family to buy an army ware-

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Toren insists that he is no more unorthodox in his time than his grandfather and great-grandfather were in theirs. He said he admires what his family has accomplished.

The family has gotten where it is today, he said, by hard work and reinvestment, putting business and the family above personal pleasures. He said Henry works seven days a week and, unlike other executives, doesn't play tennis or golf or own a yacht. The only reason Henry drives a rather flashy red Jaguar is to show potential investors and tenants that Costa Mesa is an up-and-coming community, Toren said.

Toren, who claims he was "born to be a farmer," said he and other family members find it painful to turn over more and more of their farmland for development. He said the family's confrontation with Orange County's rapid growth was a "future shock."

He said that the inevitability of the farm's demise struck his family most sharply this year, when building plans began to take shape at a faster pace. He said that for the

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RARE PUBLIC APPEARANCE — The announcement of the Segerstroms' \$5 million gift of land for an Orange County music center brought them into the limelight last spring. From left are Harold Jr., James K. Nagamatsu, chairman of the music center board, Henry and his mother, Ruth. Times photo

SEGERSTROMS

Continued from 4th Page

house after World War II as a first venture into industrial development.

But he also emphasized that along the way Henry and the others have made some mistakes they prefer not to dwell upon. "It's not like we pull rabbits out of a hat," he said.

Toren said the family's task is to set an example for other developers in the county, an increasing number of whom, he said, are Easterners or foreigners who may not appreciate the California lifestyle or may not have as strong an affection for the land.

Since development pressures can't be stopped, Toren said, the family has only one decision: "Whether to build with quality or not."

To a large degree, the present predicament — as well as the wealth — of the Segerstrom family can be attributed to luck.

In the mid-1950s, the overflowing population of Los Angeles promised to boost the fortunes of the Orange County Segerstroms, whose property happened to lie directly in the path of development.

About that time, the Segerstroms' land holdings between Sunflower Ave. and what is now the San Diego Freeway became embroiled in an annexation battle between Costa Mesa and Santa Ana.

Orange County Municipal Court Judge Donald Dungan, who was then Costa Mesa's city attorney, said Santa Ana forced a showdown when it attempted to annex the land between it and Costa Mesa without notifying the Segerstroms.

Costa Mesa successfully blocked Santa Ana's attempt in court, he said, and initiated an annexation of its own, which succeeded because of the Segerstroms' support.

In retrospect, Santa Ana's annexation proposal is recalled as a belated effort to sever an alliance already forming between the Segerstroms and Costa Mesa.

While Santa Ana officials had procrastinated about absorbing the Segerstrom property, Costa Mesa had lunged at the opportunity.

Dungan explained that Costa Mesa, which had incorporated in 1953 as a city of only six square miles, probably depended upon expansion for its economic survival.

As an area devoid of industry and full of retirees on Social Security, Costa Mesa started its existence short of both municipal services and the cash to pay for them. Assessment districts had to be created to finance street paving, drains and sewers.

Bob Unger, then Costa Mesa's city manager, said that what the city needed then was commercial development to the north.

However, the Segerstroms resisted annexation, he said.

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In the mid-1950s, the overflowing population of Los Angeles promised to boost the fortunes of the Orange County Segerstroms, whose property happened to lie directly in the path of development.

About that time, the Segerstroms' land holdings between Sunflower Ave. and what is now the San Diego Freeway became embroiled in an annexation battle between Costa Mesa and Santa Ana.

Orange County Municipal Court Judge Donald Dungan, who was then Costa Mesa's city attorney, said Santa Ana forced a showdown when it attempted to annex the land between it and Costa Mesa without notifying the Segerstroms.

Costa Mesa successfully blocked Santa Ana's attempt in court, he said, and initiated an annexation of its own, which succeeded because of the Segerstroms' support.

In retrospect, Santa Ana's annexation proposal is recalled as a belated effort to sever an alliance already forming between the Segerstroms and Costa Mesa.

While Santa Ana officials had procrastinated about absorbing the Segerstrom property, Costa Mesa had lunged at the opportunity.

Dungan explained that Costa Mesa, which had incorporated in 1953 as a city of only six square miles, probably depended upon expansion for its economic survival.

As an area devoid of industry and full of retirees on Social Security, Costa Mesa started its existence short of both municipal services and the cash to pay for them. Assessment districts had to be created to finance street paving, drains and sewers.

Bob Unger, then Costa Mesa's city manager, said that what the city needed then was commercial development to the north.

However, the Segerstroms resisted annexation, he said, because they didn't want city property taxes to be levied on their farmland.

In response, Costa Mesa devised a unique solution that Alvin Pinkley, the city's mayor during that period, relates today with a chuckle.

"We made a political deal with them (the Segerstroms) that the city manager of Santa Ana, Carl Thornton, never recovered from," Pinkley said. "In fact, he wouldn't speak to me afterward for weeks, years."

As the deal was explained by some participants, Costa Mesa agreed to reimburse the Segerstroms for the city portion of the property taxes they would pay on their undeveloped holdings. Once the land was developed, however, it was to be no longer eligible for tax rebates.

In return, the city acquired the right to draw water from wells on the Segerstroms' land whenever necessary — a prerogative that has never been exercised, according to the present Costa Mesa city manager, Fred Sorsabal.

Thornton, now retired after serving 21 years as Santa Ana's city manager, said he always considered Costa Mesa's deal with the Segerstroms to be highly questionable.

Please Turn to Page 6, Col. 1

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THE SEGERSTROM FAMILY

Continued from 5th Page

able. But he conceded that the arrangement was never tested in court.

Sorsabal said in an interview that his predecessors' tactics may have been questionable but emphasized that no one can dispute the resulting benefits to the city.

Since the 1959 annexation, the agreement has cost Costa Mesa \$201,175 in tax payments returned to the Segerstroms. But in 1978 alone, the city collected about \$2 million in sales taxes from South Coast Plaza Mall and more than \$350,000 in bed taxes from South Coast Plaza Hotel.

This tax revenue has allowed the city to improve its public services and build the impressive Civic Center complex.

An early rapport was established between the Segerstroms and Costa Mesa officials. For years, in fact, they sealed agreements with only a handshake — a practice that Sorsabal said he discontinued when he became city manager.

In 1963, the Segerstroms gave five acres and an historic adobe to the city for a park, which stimulated more good will.

The relationship, however, has engendered charges of favoritism. These are denied by Sorsabal, who contends the city treats the Segerstroms "like every other developer."

Costa Mesa officials say, for example, that they regularly raise concerns about traffic congestion spawned by the Segerstroms' development plans.

In many respects, however, the Segerstrom family and Costa Mesa city officials together are responsible for creating South Coast Plaza Mall.

Former city manager Unger takes credit for conceiving the idea of an enclosed shopping center conducive to browsing and for selling the idea to David May of the May Co.

Unger said that in his research he discovered that many women shoppers resented having their hair mussed by the wind in open-air shopping centers.

Unger recalled that while city officials were seeking a site for a shopping mall on the city's northern perimeter, they were considering other land besides the Segerstroms'. He said the city also approached Roy Sakioka, a neighbor of the Segerstroms, who decided to keep all his acreage for celery growing.

When the Segerstroms heard of Costa Mesa's negotiations with Sakioka, Unger said, they made clear their own interest in the project. They hired Winmar Realty Development Co., a Seattle-based consulting firm, to draw up de-

tailed plans for a mall.

Unger said that in the meantime he had persuaded the state Division of Highways (now Caltrans) to reroute the proposed San Diego Freeway farther south to funnel motorists directly to the mall site. He argued that in the long run, the new route would save the expense of building additional surface streets to serve the mall.

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THE SEGERSTROM FAMILY

Continued from 6th Page

The mall's economic feasibility hinged entirely on the local freeway system, much of it then only on paper, which was expected to place hundreds of thousands of potential shoppers within a 30-minute drive of Costa Mesa.

Unger recalled the difficulty of convincing retailers that a regional shopping mall could survive in an area surrounded by bean fields and two-lane roads.

"I bet 15 years ago nobody would have given South Coast Plaza a nickel of a chance," said Tom Wolff, a partner in Newport Development Co. and formerly the Irvine Co.'s vice president of land development. Undertaking the project was an act of great risk and foresight, Wolff said.

To persuade the May Co. and Sears to anchor the first phase of the mall's development, the family sold each firm the land on which to build for \$1. Never again would a store have the opportunity to buy land at the mall at any price.

Over the years, the mall has been expanded, developing remarkably close to the original blueprint. So far it boasts 175 stores and restaurants. The department stores include, besides Sears and the May Co., Bullock's, I. Magnin, Nordstrom and Joseph Magnin. A Saks Fifth Avenue store is scheduled to open in November.

Plans are going forward to build yet another department store, possibly The Broadway, combined with underground parking and, perhaps, an office building — all to be linked to the Town Center by a pedestrian bridge over Bristol St.

At every stage, the Segerstroms have added their personal touch.

"They are deeply involved in everything that goes on, right down to the green or red roof," said the South Coast Plaza manager, Skip Stephenson.

Stephenson said the family has declined business opportunities outside of Orange County, opting instead to concentrate on South Coast Plaza. "They have chosen to do one thing well," he said.

The biggest challenge has been to develop a wing of their mall to house high-fashion department and specialty stores of the sort found on Fifth Ave. in New York and Rodeo Drive in Beverly Hills.

Again, it was considered a risky undertaking in Orange County, where the discriminating rich were accustomed to driving to Los Angeles or doing their shopping on vacation trips.

Again, the Segerstroms were determined. Henry especially made it his business to become a connoisseur of high-fashion merchandising, visiting fine shops throughout the United States and Europe. Often, when Henry saw a store he liked, he would give the name to his secretary for filing as a future prospect.

Stephenson, a young Stanford business school graduate ("I guess I'm a clone of Henry's," he jests), recalled that he was originally hired to help Henry sell the best stores on coming to the mall.

It was a job, he said, that required extreme politeness, patience and perseverance, since the first response usually was "no."

But, he said, eventually retailers were swayed by sheer repetition. He kept on telling them, "Orange County's got the bucks."

The recruiting of stores to what the family called "the Jewel Court," however, consumed years. Times were especially rough in 1974 and '75, when a recession caught the family with a large inventory of empty mall space.

Toren Segerstrom recalled that instead of waiting for stores to apply, his father went to Paris and bought a Courreges franchise for the mall. It succeeded, and since then Henry Segerstrom also has acquired a Halston store.

Gradually, the mall collected a gallery of smaller fine shops exquisite enough, for example, to change the minds of Saks officials, who 10 years ago flatly refused Henry's invitation to open a store in the mall.

Henry personally talked the Nordstroms, another Swedish family, into opening a department store at South Coast Plaza. Previously, Nordstrom stores were found exclusively in the Northwest. John Nordstrom, cochairman of the family firm, said the deal took four years to negotiate.

To attract the finer stores to the mall, the Segerstroms in some cases offered incentives, such as paying construction costs or restructuring rents.

It has taken time for some of the more expensive stores to build a clientele, partly because they must draw from a larger region.

By all accounts, however, South Coast Plaza Mall is a success story. It outdraws even Disneyland, claiming about 15 million visitors a year, 50% more than the amusement park's 10 million.

Please Turn to Page 8, Col. 1

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DOWN ON THE FARM—Family portrait taken about 1972 in a bean field shows, front row from left, Jeanette and husband Harold Jr., Vera and husband Harold Sr., Ruth, Henry and wife

Yvonne. In back row from left are Sandy, Susan, Jeanie, Ted, Sally, Richard, Ruth Ann, Donald, Toren, Anton, David and Andrea. Photo appeared in a Fortune magazine advertisement.

THE SEGERSTROM FAMILY

Continued from 7th Page

So strong is the mall's magnetism that 14% of its shoppers come from outside Orange County, some from as far away as San Diego and Palm Springs. The figure was even higher before the gasoline crunch.

The mall has been toured, measured and analyzed by architects, developers and contractors, who seek to duplicate its magic.

The mall's reputation was the Segerstroms' trump card in persuading Western International Hotels, a firm that usually manages hotels in major cities, to operate a hotel the Segerstrom partnership wanted built as part of South Coast Plaza.

One Western International executive recalled that the first time he saw the towering 400-room South Coast Plaza Hotel in the midst of bean fields, he swore with rage. No one in his right mind would put a hotel in such an unfavorable location, he reasoned.

But the hotel managers agreed to operate the hotel on a long-term lease, he said, because the mall had proved the Segerstroms were "successful people and people of vision."

The hotel is doing well, although it struggled for two years. Western International and the hotel's owners, the Segerstroms and Connecticut General Life Insurance Co., now are studying the feasibility of a 200-room expansion.

Superconductivity of Electricity Under Study

FULLERTON—Cal State Fullerton physicist Alan R. Sweedler is investigating what makes metals so conductive of electricity at extreme low temperatures.

The phenomenon is known as superconductivity.

Sweedler, an associate professor of physics, said that at minus 450 degrees Fahrenheit all the electric power required for the city of New York could be transmitted through a cable a few inches in diameter.

Achieving that temperature—five times colder than at the Arctic—for electricity transmission is not economically feasible.

But Sweedler is using a \$12,000 grant from the Research Corp. to study factors that affect superconductivity—information that might be useful in developing materials that would superconduct at higher temperatures.

His theory is the amount of defects in the chemical structure of metals is a factor in superconductivity.

Some businessmen charge they have been injured by the Segerstroms' overzealous salesmanship.

The complaints come from the South Coast Plaza Village, a Segerstrom shopping center that contrasts sharply with the mall in its failure to live up to expectations.

Three years after the 1973 opening of the Village, which is just across Sunflower Ave. from the mall, 20 of its then current and former tenants filed lawsuits demanding \$35 million in damages from the Segerstroms.

The tenants contended that before the Village was built, the Segerstroms, through their leasing agents, made glowing promises that never were fulfilled.

They charged that because the promised shopper attractions were lacking, the Village often seemed to be a ghost town and merchants went broke. Few of the original tenants remain.

"About 70% of those who came here lost their shirts," recently declared one tenant, who asked not to be named.

At one point, the Orange County district attorney's office investigated the matter but did not file any charges involving misleading advertising and unfair business practices after C.J. Segerstrom & Sons agreed to pay a \$20,000 civil penalty.

In the settlement, the Segerstroms also agreed to take a number of steps—including spending \$25,000 in advertising—to promote the Village.

Segerstrom officials insist that all along their intentions have been good. Moreover, they point out that business at the Village is improving and say there is a new marketing plan to highlight its restaurants and other food outlets.

All this, however, does not mollify former tenants who say they have been ignored.

While some of those who filed lawsuits have settled with the Segerstroms, others are bent upon taking the publicity-shy landlords to court.

Resentment toward the Segerstroms can also be detected among some Santa Ana officials, who complain that Henry and Hal, whose families live in Santa Ana, have favored Costa Mesa over their hometown.

Some Santa Anans, still smarting from the loss of South Coast Plaza, took further umbrage when the Segerstroms made land donations in the plaza for the South Coast Repertory Theatre and then the music center. Santa Ana had hopes of a music center within its borders.

But Santa Ana's mayor, Jim Ward, said he understood the Segerstroms' desire to locate cultural facilities in the plaza, where they will increase the value of the Segerstrom development.

"I can't be upset with Henry," he said. "That's business."

FULLERTON—John A. sciences department at Cal State Fullerton make meteorological comparisons of the planet Mars.

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