

Counterfeiting and Terrorism?

By Scott Malone

NEW YORK - Fighting counterfeiting has become part of the counter-terrorism campaign.

A common sight on this city's streets — a vendor unfurling a sheets — a vehicle infilting a sheet or opening a briefcase to hawk purses, Tshirts or watches bearing a well-known brand name — could be a front for some of the most infamous terrorist groups in the world.

Most knowing New Yorkers see the street vendors as harmless, simply offering a good chance to get a knock off of a famous name at a bargain — so long as they didn't feel the need to ask questions about the merchandise's origins.

But law enforcement officials from the U.S. and abroad are exploring a striking new theory: That terrorist organizations, including Al Qaeda, Hamas and

By Vicki M. Young

\$1.042,510.

NEW YORK — The offense was

counterfeiting and the take was

just two shipments of fake watch-

es, just 9,048 units bearing luxury

brand names such as Cartier, Baume & Mercier, Piaget, Vacheron & Constantin and

Jaeger. The average selling price

for each watch is \$115 and the

cost to produce each a mere \$1.34.

Richemont International Inc.

against a list of defendants that

has blossomed into no less than 17.

HILLDUN

IS IN

FASHION

25 W 05th STREET, NY MY 10001

Jeffrey Kapelman

Those are the numbers gleaned from a federal court action progressing in Manhattan involving Cartier International Inc. and

That's the profit garnered from

Hezbollah, are using the profits from the increasingly organized trade in counterfeit merchandise to fund their violent operations.

According to the Bureau of

Customs, proceeds from a counterfeit T-shirt ring helped finance the 1993 truck bombing of the World Trade Center.

It's hard to determine exactly how big the international trade in counterfeit goods is, though sources estimate that it could amount to a \$500 billion business globally, involving such disparate product categories as jeans, cigarettes and computer software. The trade's vastness is making observers especially concerned about the threat of the profits from the sale in bogus branded merchandise flowing to terrorist groups.

"Even if 10 percent of the counterfeit trade - and I think

Richemont owns several

In addition to its name

trademarks that are the subject of

alleged infringement in the law-

brand, Cartier, and the others list-

ed above, Richemont is the U.S.

arm of Compagnie Financière Richemont AG, which owns the

trademarked names, IWC International Watch Co. and

defendants are: Sam Liu, Tom Liu, Jian Liu, Kenny Liu, Thanh

Nam Huynh, Charlie Pham and Kim Pham. Some of the business

entities named as defendants in-clude three shipping firms: J.A.C.

Services, Billion Fortune Corp.

and Speedy Shipping Services.

The matter is still in litigation and a few of the defendants, such

as Speedy, were added months after the original October 2002

Cartier/Richemont case were not immediately available. Because of ongoing investigations in the

case, many documents were filed

under seal and some of the documents obtained by WWD were unsealed just two weeks ago.

At first glance, the lawsuit

appears to be a routine trade-

The legal papers in the

complaint was filed.

Among the named individual

Montblanc

it's more than that - is linked in some way to the funding of ter-rorism, we need to do something about that," said private investigator Kevin Dougherty, in an interview.

Dougherty is owner of Counter-Tech Investigations, a New York firm that works with apparel companies on tracking down counterfeiters.

(For more on counterfeiting, see related story this page.)

Observers said one reason that the counterfeit trade has grown so massive is that it has long been seen as a victimless crime and a low priority for law enforcement agencies faced with issues like the drug trade and violent street crimes. So organized crime groups — largely traditional ethnic gangs, but now also terrorists — have taken Continued on page 14

More Defendants Named Cancún Talks In Counterfeit Watch Case Come to a Halt

By Kristi Ellis

over at about 3:30 p.m. central standard time as the specter of the 1999 global talks in Seattle hung in the room.

the developing countries broke the news about the collapse of the meeting. Antiglobalization groups, claiming victory, sang and chanted in the press center, while African delegates held

circumspection," said Brazilian Foreign Minister Celso Amorim at a news conference Sunday night. "We would have preferred to complete with results, but that was not the result. Whether or not we are finished or continue the talks, whatever the process, the pieces will be

CANCUN, MEXICO — The global trade talks collapsed here Sunday afternoon, crushed by the weight of the divide separating rich and poor countries.

A unified group of developing countries declared the talks

The convention center erupt-ed in total pandemonium when court with hordes of reporters around a fast-food area.

"The talks have collapsed," said George Odour, a member of the Kenyan delegation. "It's over."
"This is a moment of certain

picked up again just after they were in Brussels, just after they

mark infringement and counter-feiting case against a group of 12 Gary Wassner Continued on page 32 Continued on page 18 Bring Cash Back to Your Cash Flow! Costom Tailored, Creative Financing. We can help turn your receivables into cash finers. We provide financing from \$1 million to \$10 million in as little as one week. You need a lender who knows your busin ng providen: Factoring, Asset Based Lending, Tamera of Cerdis, Trade Finance, Basic Bristombijs and Common Seme Take out analoge of our experience Speeds directly solds a decision under the Factoring call Startey Officina For Asset Reset Spinling out Robert Schutters Sieding Factors Corporation at 212-575-4413 hurling friended them, or 21,7575-6446. STERLING FACTORS CORPORATION STERLING NATIONAL BANK "Our Doors Are Open All The Way In The Top"

GENERAL

NEW YORK COLLECTIONS: The New York Collections continued with strong showings by Tracy Reese, As Four, Rosa Cha and Luella Bartley.

Sean "P. Diddy" Combs has a sugar daddy. WWD has learned that Combs signed a financing deal aimed at turning Sean John into a billion-dollar label.

Fighting counterfeiting has become part of the counter-terrorism campaign. Here's an update.

The global trade talks in Cancún collapsed Sunday afternoon, crushed by the weight of the divide between rich and poor nations.

INNERWEAR: A report from the Lyon, Mode City trade show in France last week, which was laced nonstop events and saw record attendance

EYE: A Manolo Blahnik exhibition and party...talking to "Elephant's" John Robinson...a trio of fashionable daughters.

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MONDAY: Mercedes-Benz Fashion Week, New York, continues (through Friday).

The Great Bridal Expo, New York.

TUESDAY: The Commerce Department releases the August Consumer Price Index

Texworld, Paris (through Friday)

WEDNESDAY: Cuir leather show and Cosmeeting Beyond Beauty, Paris (through Friday).

Mod'Amont textile show, Première Vision and

Indigo, Paris (through Saturday).
Asia's Fashion Jewelry & Accessories Fair, Hong

Kong (through Sunday).
Hong Kong Jewelry & Watch Fair (through Sept. 21).

International Vision Expo, Las Vegas (through

THURSDAY: Fil Event yarn fair, Paris (through Sunday). Nike reports first-quarter earnings.

FRIDAY: New York Home Textiles Show, Extracts and Surtex (through Sept. 22).

SATURDAY: London Fashion Week (through Sept. 26). Jewelers International Showcase, Miami Beach

(through Sept. 22).
Mipel and Micam, Milan (through Sept. 23).

In Brief

• DOUBLE-CHECKED DEBT: Ending a review begun in June, Moody's Investors Services confirmed the ratings of approximately \$200 million of asset-backed debt issued by Charming Shoppes Master Trust that it had placed under review for possible downgrade. Moody's confirmed the ratings of \$98.25 million Class A asset-backed notes, series 1999-1, at "Aaa"; \$27 million Class B asset-backed notes, series 1999-1, at "A2"; \$63.5 million Class A asset-backed notes, series 2002-1, at "A2a"; and \$16.5 million Class B asset-backed notes, series 2002-1, at "Aa2," Moody's initiated the review in June after an independent auditor discovered several reporting errors in the trust's monthly service reports last year after a vendor switch by Charming Shoppes.

• SWITCHES AT SAKS: Michael Macko has been named director of fashion merchandising, men's, at Saks Fifth Avenue. The seven-year Saks veteran was previously director of publicity for the retailer, and he will continue to report to Jaqui Lividini, senior vice president of fashion merchandising and communication. A successor for Macko has not been designated, and he will continue to oversee public relations responsi-bilities for the company until one is named. Macko replaces Sunny Diego, who was promoted to market director, women's accessories and intimates, this summer



Diddy Gets Backer, Aims for \$1B

Sean "P. Diddy" Comb



Combs signed a lease for his first freestanding store at this location on Fifth Avenue and 41st Street.

Continued from page one

chief executive officer. Further terms of the new partnership, including Burkle's stake in Sean John, were not disclosed.

The deal represents a major fashion step forward for Combs, who becomes the first owner of a major hip-hop-inspired label to receive backing from a large investor. It's aimed at turning Sean John into a global billion-dollar brand.

"This is an excellent investment opportunity, and we are proud to be aligned with Sean John," Burkle said in a statement. "Sean's vision and leadership are evident in the success of this extraordinary young company. The combined core competencies of Sean John and Yucaipa will allow us to rapidly capitalize on Sean John's leadership position in the dynamic industry."

ship position in the dynamic industry."
While the Sean John brand currently includes only men's and boys' sportswear and accessories, Combs has promised to launch a line of limited-edition women's wear next summer. It's a vow he's made in the past, especially since he featured eight looks on his runway in February.
But that's not all he is promising.

But that's not all he is promising. In the release, Combs said that, with Burkle's investment, he plans to grow his five-year-old company to sales of \$1 billion through an extensive retail rollout, which will start with the opening next spring of his first store at Fifth Avenue and 41st Street, the opening of international businesses and an expansion of his men's sports-

wear collection. In addition, a portion of the investment will be used to open a new distribution facility in an underserved community of the New York tri-state area.

underserved community of the New York tri-state area.

"I'm trying to figure out the right retail strategy."
Combs told WWD earlier this month. "I don't want to just roll it out. There are some things about the women's business I'm still trying to figure out. I have the design and the infrastructure, but I'm still compiling the exact campaigns, marketing and sales plan."

Burkle's company has completed mergers and acqui-

Burkle's company has completed mergers and acquisitions valued at more than \$30 billion since its inception in 1986, but this appears to be the first time Yucaipa has put significant funds into the apparel industry. The majority of its business has been done with large supermarket chains such as Kroger and Fred Meyer Inc. Supermarket News, WWD's sister publication, has called Burkle the food retail industry's "premier consolidator of the last decade." He jumped into the beleaguered Kmart, seeing an opportunity to grow its supercenter formats, and also bought a significant stake in Fleming, the food distributor. But he sold both investments before the two companies hit the financial skids, with Kmart filing for Chapter 11 last year. It came out of bankruptev in May.

Burkle is also a high-profile contributor to the Democratic party, and in 2002, former President Bill Clinton signed on as an adviser to two of his investment funds.





Last year, Yucaipa sold the 113-store Dominick's chain to Safeway for \$1.8 million and then tried to buy it back for about \$350 million. The press-shy Burkle is also a big-time investor in Hollywood, including being a financial backer for former Disney executive Michael ovitz's company, the Firm, before a feud between the two broke out in June last year. It was reported that Ovitz owed Burkle about \$10 million for business ventures they entered into together.

The deal between Yucaipa and Sean John recalls the \$135 million investment made by Goldman Sachs Capital Partners in Polo Ralph Lauren in 1994. At the time, Polo was privately held, but went public in an initial public offering three years later. The Goldman Sachs financing enabled Polo to expand, while giving Goldman a significant return on its investment when the company went public.

Sean John has quickly developed into a strong force in the men's apparel industry and has been nominated three times in a row for the men's wear designer of the year award of the Council of Fashion Designers of America. It started as a small T-shirt and jeans brand and has grown into a respected designer sportswear business. The collection is now sold in 2,400 doors, including Federated Department Stores and May Department Stores, and is the second best-selling men's brand at many Bloomingdale's doors, just behind the Polo brand.

Before Combs opens the first freestanding Sean John flagship boutique at 41st Street and Fifth Avenue in the spring, he plans to open between five and 10 in-store shops in such locations as Bloomingdale's 59th Street, Macy's Herald Square and Burdine's, which will carry a full range of the men's collection. The Fifth Avenue store will be the first site in what ultimately could be a 200- to 300-unit national chain.

But while Combs may be the first urban label to secure backing from a major investor, he isn't the first to seek it out. Hip-hop mogul Russell Simmons is actively searching to be bought out so he can grow his business, but sources said he refuses to take any less than \$300 million for his \$260 million clothing empire, which includes the Phat Farm and Baby Phat brands. As for now, it looks as though Kellwood Co. and Tommy Hilfiger have both showed interest in Simmons' brands, with Kellwood apparently having the lead bid. Two years ago, Jennifer Lopez partnered with Andy Hilfiger in order to fund her JLo brand and it has grown to sales of \$130 million.

Sean John's success also has helped set off a virtual stampede by celebrities to launch their own fashion collections. Gwen Stefani and Eve currently are previewing the spring collections for their respective L.A.M.B. and Fetish lines, while everyone from Eminem to Beyoncé to Hilary Duff have announced plans to do their own clothing collections.



The clothes will match perfectly.

The opinions will definitely clash.

Girly Girls and

There was plenty of charm and drama as the New York spring collections continued, from Tracy Reese and Luella Bartley's feminine looks to

Tracy Reese: This season, Tracy Reese aimed to please her girly girls with vintage-inspired looks that had fresh, feminine twists. There were lots of the charming dresses she's known for — like the ones turning up in "Sex and the City" at the moment. Reese also knows a thing or two about cutting coats and jackets, and there were some appealing new ones for spring, such as a tomato red leather jacket with a retro feeling and stylish silk twill trenchcoats. Other key pieces in the collection included flirtatious, black-and-white flowered skirts; a playful yellow floral silk chiffon camisole; terrific knits in an assortment of colors, and a hand-embroidered, strapless turquoise dress. All the bead-encrusted numbers were well-executed. Despite a few minor missteps — the matronly leaf-print dresses and the oddly colored iridescent pieces — it was a beautiful collection.

As Four: Much like beauty, kooky is as kooky does. And this season marked a breakthrough for New York's As Four quartet, likely the entire industry's biggest fashion kooks — and that's meant in the nicest possible way. Billing themselves on their invite as "The New As Four," Adi, Ange, Gabi and K.A.I. dispensed with their usual antics that, while entertaining, did distract attention from the clothes. Despite these changes, however, the team wasn't exactly channeling Calvin

Despite these changes, however, the team wasn't exactly channeling Calvin Klein. Instead, they merely refined their oeuvre of metallic fabrics and distinctive silhouettes, adding an element of Ancient Greece. The result was dreamy and beautiful, and at times even sexy. Dresses like a matte gold-sequined number or another pieced together from flaps of filmy fabric wouldn't be out of place on the red carpet. But their originality of vision is best seen in pieces like a sleeveless jumpsuit cut in an austere cream canvas that resembled an Italian Futurist sculpture.

For retailers who carry the line, the professional nature of the show wasn't so surprising. "People who work with As Four know that they are organized and can run a business," said Julie Gilhart, Barneys vice president of merchandising, who gave the show a good rating.

And while the quartet is certainly hoping to bring their work to a wider audience and expand their business, it's not the only reason they decided to change direction. "We got bored of doing it the same way," Gabi explains. And what clothes they were! Fashion folk looking for originality would do well to head for As Four's Lower East Side studio.

Baby Phat by Kimora Lee Simmons: It's no secret that a runway show is often just that — a show. And everyone knows that the fashion world loves a spectacle — even if sometimes it seems that the clothes were an afterthought, or given no thought at all. Enter Baby Phat's Kimora Lee Simmons, who, for three years, has supplied some of New York's most extravagant theatrics.

This time, Simmons, who in the past has celebrated icons from Bahama mamas to disco divas, chose history's greatest showgirl and a fashion provocateur to boot, Josephine Baker, as her muse. That meant piles of marabou, crystal festoons, bondage strips, oh-so-suggestive peacock feathers — and often very little else, aside from the occasional beaded micromini and slippery swimsuit. Over the top and underdressed (at least for events this side of the Folies Bergere)? Absolutely, a fact for which Simmons makes no apologies. "It's fantasy, not reality," she said after the show.

suppery swimsuit. Over the top and underdressed (at least for events this side o the Folies Bergere)? Absolutely, a fact for which Simmons makes no apologies. "It's fantasy, not reality," she said after the show.

Which is fine — up to a point. Everyone knows that an element of fantasy is essential to fashion. But so is a larger element of reality. And the reality is that Simmons has worked hard to develop an identity and a following for Baby Phat — an appealing junior line that infuses young sexiness with hip-hop attitude. It's a shame that she passed on the chance to flaunt the merch in a meaningful way.

Luella Bartley: It looks like Luella Bartley's girls will be shedding fall's tomboy trappings in favor of much girlier fare. Luella likes to play with extremes, mixing slouchy silhouettes with the barely there, and this season is no exception. Inspired by the tribes of Africa and voodoo style, Bartley opened with a group of awkward burlap pieces with white leather piping. Though interesting, what girl wants a burlap circle skirt with a paper bag waist?

skirt with a paper bag waist?
However, things started to heat up when that heaviness gave way to delicate, smocked cotton tops and dresses, floaty silk tanks and tops in tangerine or heathered gray paired with tiny minis in sweatshirt jersey and slouchy backless overalls. And Bartley went allout for color, closing the show with a series of tops and dresses in a dizzying array of abstract prints, perfect for a tropical holiday or afternoons tooling around the city. Surely, everything a Luella girl will want, including the fluorescent strappy sandals and bags.

Rosa Cha: Lights, camera, satisfaction. If sex appeal has anything to do with swimwear, the models on designer Amir Slama's catwalk will indeed need sponsor Ortho Evra's birth control patches, which they sported. The Brazilian designer's latest collection was nothing if not pure sex. Even the crowd was hot. Current It bombshell Beyoncé was there, as were her hush-hush boyfriend Jay-Z, her "Fighting Temptations" co-star Cuba Gooding Jr., Neptune über-producer Pharrell Williams and tennis champ Venus Williams.

But flashy front row and mirrored runway aside, this was a terrific, beautifully made collection. Inspired by a mythological tale of a falling star that alters the order of the universe — which explained the giant Lucite star sculpture on the stage — Slama incorporated whimsical prints, such as a fairy-tale forest scene, and leopard prints with cutouts galore. String bikini bottoms were layered under high-cut maillots; pink and gold pailletes were cut to look like fish scales, and a sunburst of gold Lurex strips burst from a D-ring centered on one suit. The racy fare went on and on — through 80 looks to be exact. While some pushed too far — too sheer in the wrong places — this was Slama's best and most cohesive effort yet.



Baby Phat



On Fire Again

Fashion is like...a Ferris wheel. It goes up and down and round and round. So, while Stephen Sprouse's graffiti is old enough to kick out of the house with the demand that it get a job, it still has the ability to do just that. After teaming up with Marc Jacobs at Louis Vuitton in 2000 and hitting the opposite end of the spectrum with Target in 2002, Sprouse's latest collaborative effort is with Diesel Jeans.

Diesel Fetal Sprouse at its Union Square flagship on Friday evening. The notoriously shy designer, dressed in one of his Warhol-print T-shirts, with his trademark black head scarf pulled low over his eyes, received the crowd in a corner of the store's dimly lit



lower level. "It was really fun," he said of the project "because Renzo [Rosso, founder of the Diesel Group] said 'Do whatever you want." Although Sprouse didn't see the final products until Thursday night, he was thrilled with the results which, he said, "look just like the sketches.

The line, called "Diesel Fueled," consists of two Ts, each with an image of a fire and graffiti, and two styles of jeans — one striped with silver and black, the other in solid black — for each sex, along with a multicolored knit hat. All the pieces will be produced n limited quantities and sold only in Diesel's stores in

Union Square, Miami, San Francisco and Los Angeles.

Maurizio Marchiori, Diesel's vice-president of
marketing, also seemed pleased. "It looks like it was
handmade," Marchiori said proudly, pointing out a seemingly haphazard paint smudge on the shoulder

IDOL RUMORS: The rumor that just won't go away (because it's most likely true) resurfaced again this past weekend: **John Idol**, chairman and chief executive officer of Kasper A.S.L., is headed to Michael Kors LLC as chief executive officer in November.

Reached Sunday, Idol said, "I'm looking at a couple of different opportunities. I have not made up my mind yet." He said he isn't going anywhere until the deal to sell Kasper to Jones Apparel Group closes when he's expected to get about a \$14 million payout. "The closing is anticipated around Nov. 15, and at the end of that period I'll be in a ich." he soid. iob." he said.

HOW MUCH IS THAT PER POUND?:

Everyone knows Lara Flynn Boyle's fashion sense is already shocking. But apparently, so is her fashion apparently, 30 in a hashion etiquette. According to sources at show production agencies, Boyle's handlers have been asking not for free clothes to get her at certain fashion shows, but rather a whopping payment of \$25,000. Considering her size, she and Calista Flockhart should consider a package deal for one chair.

A spokeswoman for Boyle in Los Angeles did not return either phone or e-mail inquiries

QUEER EYE FOR THE FRONT ROW: "Would you believe this is my very first fashion show?" said Rodriguez, the cultural



component of "Queer Eye," making his runway debut in the front row of the Gen Art show Friday night and the first of the series' castmates expected to populate shows this week. A gay at fashion week? Could've knocked a designer

week' could be knocked a designer over with a feather.

"It's cool to see what designers are doing these days," Rodriguez said, scanning the audience. "The style level here is really high. It makes me quite nervous just to be here. Everyone's standing around holding themselves like, 'Who is that?

ITALIAN HOSPITALITY: Leave it to the Ferragamos to draw a crowd. Wait, make that a mob scene. Within an hour of the start of the opening night party for the company's Fifth Avenue flagship Friday night, a line had formed around the block of 52nd Street and Fifth Avenue, and guests were reporting a wait of 45 minutes or longer to mash their way inside. Ivana Trump, in a short white skirt suit, managed to squeeze in, only to be witnessed marching her way down Fifth Avenue less than 15 minutes later with three gorgeous Italian men in tow, all in black suits. The DJ spinning his way through the party was none other than **Todd Mallis** (in fashion speak, that's nephew of IMG's Fern). The rest of the year, Todd's a regular at **Amy Sacco**'s Bungalo 8.

But others were turned off by the

crowd control and gave up. Natalie **Leeds** was yelling into her cell phone outside, horrified by the experience. "They're animals!" she cried. "ANIMALS!"



Fashion Scoops



YOUR NAME HERE: The need for sponsorship is a sad fact for most young or small design houses, but it can come at a cost. As Four accepted a wad of cash from Legal cigarettes and returned the favor by placing two packs of their brands in every gift bag at their show. Two members of the design collective also walked out at the end of their show with lit cigarettes in hand — this in spite of a Saturday morning audience that included many children (not to mention Mayor Bloomberg's new

law against smoking in indoor public spaces).

Apart from the legal question this raised, it indicated the start of a trend of corporate sponsorship rearing its head in more obtrusive ways at fashion week. **Naomi Campbell** and the other models stepped out on the runway at Rosa Cha later that day wearing patches prominently on their backs. It turns out they were promoting birth-control patches from Ortho Evra, a big sponsor of the week. And when Rosa Cha designer Amir Slama took his bow, he did so in a black T-shirt branded with at least a dozen other sponsors' names. So will it now be called Formula One Fashion Week

PRESSING FLESH: Maybe it was better when the A-listers stayed home. If the weekend shows are any indication, front-row drama is way back into fashion and you'd better watch out.

When Beyoncé arrived on Saturday to Brazilian designer Amir Slama's Rosa Cha swirmwear show, joining Venus Williams, Toni Braxton, Jay-Z, Russell Simmons, Guy Oseary and Anthony Kiedis, the paparazzi went so nuts they should have been institutionalized. Things quickly turned ugly, as they kicked and screamed at one another, pushed and shoved. One photographer was shoved right into the lap of Williams, who didn't appear at all amused. Once security guards regained control, several cameramen limped off, howling at the tidbits they'd pulled away. It's no wonder **Cuba Gooding Jr.** seemed less than thrilled to answer questions from a reporter for the Houston Chronicle, and then answer questions from a reporter for the roustion clinical, and using snappish when another reporter from a style magazine asked him,
"What kind of shoes do you think J.Lo and Ben should wear to their
wedding?" She was evidently unaware of their premarital jitters.

"Uh," he said. "I don't know."

Chris Judd, Jennifer Lopez's last husband, was less recognized and thus more friendly, although he veered away from commenting on J.Lo headline news and stuck to fashion commentary, following the presentation of sheer-assed swimsuits

'It's nice to see a little crack," Judd said.

Pharrell Williams, similarly, said he was there "to see all the beautiful women." Apparently so. Once the show began, Williams craned his neck like a cobra to catch every arrival and departure on the catwalk

GREAT ESCAPE: It was the usual hip-hop crowd who took to the front row at the Fushá by **Marie Claudinette Pierre-Jean** show on Saturday night — except for at least one person. **Betsey Johnson** was there brushing up on her hip-hop. "Wyclef is joining me on the runway at my show on Monday. I've been in absolute heaven that he's going to walk with me. I've been taking hip-hop lessons all week," she said. The designer added that Fushá was the first show she's gone to in years. And after her show Monday, she's hitting a different kind of runway — at 6 a.m. the next morning she's jetting off on vacation at the hotel she's renovating into a house in Mexico, just south of Zihuatanejo

JACK'S MINION: Jack Nicholson may have failed to attend his daughter Jennifer's first New York fashion week outing — the rumor being that she didn't want him to steal her thunder — but the actor did send a representative. Sort of, anyway. Calvin Klein Inc. president and chief operating officer **Tom Murry** sat front row and center at the show on Saturday night. "Jack asked me to come and I wanted to show my support for Jennifer," said Murry, who knows the actor through CK's involvement with the American Film Institute. "And I like to support young new talent in this industry."

MISSING IN ACTION: Calvin Klein and Marc Jacobs were "no shows Friday at **Annie Leibovitz**'s studio for the group portrait for Vanity Fair. Thirteen designers had confirmed their attendance, but only 11 showed

up for the 10-minute shoot.

A rep for Klein said Friday, "He was out of town today and will be photographed at a later date." Robert Duffy, president of Marc Jacobs, said, "Marc just had surgery on his neck for a herniated disk so he's sain, male just had stiggery on his heet not a herinated usars or less days. He woke up and said, 'I can't make it in there today.' We're hoping to get him out of bed tonight to finish our clothes. He wanted to do it, believe me."

Leibovitz photographed the 11 designers in their signature looks for the December "Hall of Fame" issue. Word has it **Ralph Lauren** posed in a blue work shirt; **Tommy Hilfiger** in a navy blue blazer; **Donna Karan** in a black dress with a white fur coat flung over her shoulders; **Michael Kors** all in black; Carolina Herrera in a white man-tailored shirt, and Oscar de la Renta in — what else? — a suit.

CREDIT CRUNCH: Overheard from one Prada dressing room to the next on Saturday afternoon: "My husband just opened my last American Express bill, and he said, 'The devil really does wear Prada.'"

GF Ferré

Take your pick—sea nymphs, preppy cowgirls, Mediterranean ladies and rock divas are all part of the spring scene.

> Rebecca Taylor: After seasons of playing to rock 'n' roll muses. bebecca Taylor is showing signs of homesickness for her native New Zealand, particularly its glorious crystal waters. And who can blame her? But just because life isn't always a beach doesn't mean a girl can't indulge in a sea-nymph reverie, which is what Taylor did in her collection, shown against the wall-to-wall fishtank at the Coral Room and a calm ocean backdrop.

Taylor champions a kind of approachable romance with a strong enough current of hip to keep her ultra-girly clientele coming back for more. Though they might find the abalone and scale prints a bit mumsy, they will surely love the floaty chiffon dresses in dusty pastels encrusted with sequins and antique beads, as

well as little capelet jackets, cropped sweaters and skirts with iridescent insets. And to keep things interesting, Taylor worked some traditional Kiwi symbols, such as the Maori fishhook and the fern-like koru, into her simple yet striking jewelry.

GF Ferré: Gianfranco Ferré said last week that his curiosity about the young had prompted the creation of the GF Ferré line for men and women under his new deal with IT Holding. Originally presented during men's fashion week in Milan, the show was directed by actress Asia Argento, best known for her role opposite Vin Diesel in the action-adventure film "XXX." But as searing heavy metal riffs filled the air of the black-paneled Bryant tent, it appeared that much of Argento's own hard-edged punk aesthetic had found its way into the collection.

Models posed in lean, mean Eighties-inspired silhouettes in strong colors, but this gambit simply made it look as though Ferré was trying too hard. A chainmail group, for example, offered Mod-ish minidresses with shots of fluorescent color that suggested early Stephen Sprouse, while straps and zippers adorned denim and leather minis, bustiers and motorcycle jackets. An oversized slouchy leather vest over cropped pants, techy sneakers and leather accessories looked fresher, but not enough to overcome the feeling that this vision of the future has

Zang Toi: Whimsy has its limits. So does the deep blue sea, at least when it comes to fashion inspiration. In the collection he showed on Saturday evening, Zang Toi took his oceanic musings a tad too far. On one hand, you've got to love a wildly indiscreet kelly green sequined mermaid skirt, while on the other, so many au naturale sea shells and coral branches embroidered on the backside of jeans must hurt when a girl sits down. But then, Zang doesn't design for the faint of heart, and built his business catering to a woman who likes a little flash. His "Mistress of the Mediterranean" offered plenty, from sea-printed swimwear to those coral-encrusted denims and lovely, glamorous gowns.

Still, the riches of the sea can prove a bit too dear for some fashion lovers. Which is why Zang introduced a group of what he called "fun, fresh, adorable and affordable" pieces that payed homage to every girl's one-time fantasy, the ballerina. While fluffy organza skirts may have looked tutu literal on the runway, sans lace-up stilettos, they'll make a delightful ingenue option.

Matthew Earnest: Ever wonder what a prepster from Texas might wear? In his sophomore collection, Matthew Earnest, a native of the Lone Star State, addressed the question with considerable authority. He started with a pure preppy vibe in, for example skinny chinos worn with a sleeveless smocked top and deck shoes. There was a pinch of irony here, but just a smidgen. This is, after all, a collection inspired by his own old, brass-buttoned navy blazer

As the show went on, Earnest's Texas roots became more evident, as in a countrified, swingy side-tied cotton skirt. But while the prep factor far from disappeared. Instead, the two themes merged to delightful effect. Case in point: a flippy halter dress, true to its grounded, blue-blood roots in navy cotton twill piped in pink, but perfect for flirting with the ranch hands. All in all, a very promising effort from someone who just graduated

Small: Finally, that much-mocked men's undergarment, the tighty whitey, gets a little respect. And leave it to two tongue-in-cheek blokes — "Sex and the City" contributing stylist Wade Blackmon and MTV motion-graphics designer David Foote — to dish out the props. The two teamed up in June to announce the launch of their line, Small, a name that suggests the British slang term for undies. The collection is a lineup of cheeky lingerie silhouettes using design elements from classic Y-fronts. The few innerwear pieces the pair sent out were essentially tighty whities reworked into bras and more feminine briefs. However, tops, dresses and jumpsuits, all with underwear seaming, got sequined treatments or tie-front details like the ones on football pants. It was all refreshingly playful and sexy

Fushá: The fashion and music worlds fused for the showing of designer Marie Claudinette Pierre-Jean's second collection at Bryant Park on Saturday, Russell Simmons, Damon Dash, Naomi Campbell and Cuba Gooding Jr. turned up to support Wyclef Jean's better half, who presented a made-to-order lineup inspired by both 18th-century fashion and her Caribbean bressented a made-to-order intent inspired by out notifice-that y tashion and her caribbean background. Pierre-Jean, whose private clients have included such stars as Ja Rule, Patti LaBelle and Whitney Houston, concentrated on eveningwear that was a little extravagant and plenty colorful, in shimmery fabrics and some bold prints. Although she faltered with some pieces that were more experimental — the striped minidress with a piece of ruffled fabric running over one leg, for example — her simpler fare, such as a long, pink ruched-front frock or the beaded minidresses, worked best. Her business is still young and limited to custom work, but sheeks every to whelesale in the fitting. work, but she's eager to wholesale in the future



Porn to Be Wild

Clothes? What clothes? Who could focus on a frock when there was so very much else to see: a live fluffy sheep, penis-shaped cakes coming out of frosting smeared ovens, writhing models with dollar bills stuck

to their nether regions and much, much more. That was the case with "Sexybition," the exhibition Jeremy Scott showed on Friday night at Deitch Projects. The presentation was hot in more ways than one. A sweaty, ultra-hip crowd — including photogra-phy's power couple Ines Van Lamsweerde and Vinoodh

Rebecca

Taylor

Little Bo Peen Matadin as well as Steven Klein and Matt Damhave — Little Bo Peep packed a narrow gallery to take in the soft-core porn-cum-art exhibition. With 11 peep-show booths, each with a different theme, and a makeshift strip club complete with poles, "Sexybition" featured more sets than the back lot at Universal Studios. But then, last season's hilarious, kitschy "Girls on Film," which Scott not only costumed, but also wrote and directed, suggested that movie making may be more of a driving passion for this designer than fashion. Clothes seem a rather small part of his equation; surely it was more difficult to find an 8-foot-long dildo in the shape of a shepherd's staff — for the "Little Bo Peep" peep show — than to make Little Bo's white cotton eyelet bloomers and top. Then again, it does take a fashion designer to come up with a wacky housewife's flowered dress accessorized with a black patent leather apron that flips up to

reveal a fake thatch of pubic hair. In fact, Scott had decided that last season would be his final fashion-week in fact, scort lad declared that has season would be his final assinon-week effort, but reversed that call at the urging of Jeffrey Deitch. "The gallery was so into the show as performance art," Scott explained. Will he be back next season? Who knows? For the moment, he's also busy writing a musical. At any rate, thank you for the levity, Jeremy — and for the chance to see Jessica Miller engage in what may just be her true calling: pole-dancing.



Fluttering By

Manolo heels as worn by everyone from **Anne Bass** to **Behnaz Sarafpour** at a party celebrating the opening of "Manolo Blahnik...The Shoe: A Celebration of Design," an exhibit at Phillips, de Pury & Luxembourg curated by Style.com's **Candy Pratts Price.** The show, which closes Friday, features more than 170 styles of Manolos, memorabilia and an A to Z guide to everything

Blahnik: "X is for sneakers?...As in, Manolo Blahnik is not going there." "I thought these shoes were going to be for sale," said a disappointed Adelina Wong Ettelson.

But **Divina Evidente** and her brother. **Ben**, extremely successful sales associates at the Blahnik store, didn't exactly have the night off. "I have 150 customers to see here tonight," Evidente said.

One of Divina's favorites, **Muffie Potter Aston**, once bought 17 pairs in an

afternoon and carried them out in unmarked bags. "Choosing a favorite would be like choosing a favorite child," Aston said.

For his part, the designer was thrilled — sort of "I'm happy. I'm exhausted," said **Manolo Blahnik** in typically rapid-fire style. "I'm exhausted

of being so happy."

The fever continued the following day at Bergdorf Goodman, where the second-floor shoe salon filled with frenzied fanatics on hand to greet the man himself. "One woman told me her heart has never beaten so fast," said Bergdorf's Ron Frasch.

Earlier in the week, a crowd that included Olivia Chantecaille, Dayssi Olarte **de Kanavos**, **Serena Boardman** and **Rena Sindi** gathered at the Valentino boutique to peruse the spring couture collection. In between fittings, they marveled at centerpieces by **Carlos Mota** featuring butterflies that looked plastic, until they escaped. It's dangerous enough to let a few fashion savvy

women near a rack of clothes, but a swarm of monarch butterflies?

Tory Burch joined a very pregnant Marisa Noel Brown ("Six weeks to go," she said, still in heels), Phoebe Gubelmann, Bettina Zikha and Susan Fales-Hill at a party to benefit the Museum of the City of New York sponsored by Celine. A popcorn machine and hot dog stand served as hors d'ouevres. "I was going to say let's get a drink." said **Amanda Hearst.** "But that's an ice cream cart."















in Celine at the



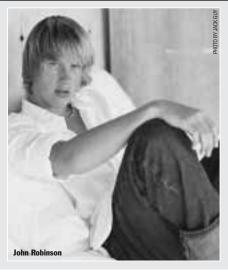
Mister Robinson

when he showed up last year at an open casting for Gus Van Sant's latest film, "Elephant." After all, the 17-year-old Portland, Ore., native was hardly an actor. He's a prep school type, into lacrosse, soccer and hockey, not to mention

snowboarding and wakeboarding.
"I'd taken drama classes since I was little, but I never thought I'd be in a movie. My brother was an extra once and I thought it would be fun," the high school junior says, calling soccer practice.

Robinson wasn't surprised when the audition turned out to be a typical cattle call. "We ended up standing in line for four hours," he recalls. And when he didn't hear anything for two months, he figured he was out. "Then Gus called me up and said he wanted to meet me. I was, like, completely ecstatic." It turned out the city's own celebrity director lived a couple of blocks away, and after selecting 11 other local teenagers in the cast, Van Sant began to write a script about how high school students' lives intertwine on a day that ultimately ends in Columbine-like violence. The film, which premieres in Portland on Oct. 4, debuted at the Cannes Film Festival in May, where it won the

In Cannes, Robinson could be found in a daze of disbelief. "I had no idea what to expect," he says. But his fresh-scrubbed looks and funky style caught the attention of scouts from



L'Uomo Vogue, who recruited him for the July cover, shot by Stephen Klein. Then Robinson and his mother were whisked to Milan to sit in the front row at the Gianfranco Ferré show. was completely weird. The fashion world is so different and scary," he marvels.

Though the offers for ad campaigns keep coming, "It's not something I want to do," Robinson says firmly. "I'm not in it for the money and fame." Another Klein shoot for Italian Vogue had Robinson re-creating iconic scenes from Swedish films with Daryl Hannah. "They tried to make it as racy as possible and it was divising easily these loving in base for easily stages." was driving me crazy. I was laying in her lap wearing a Speedo, thinking, 'This is so weird.'"

Robinson's own style is a mixture of vintage and Diesel. "My

mom considers it her job to collect vintage and puses. Iwy mom considers it her job to collect vintage clothes, so my whole life we've found wacky things," he says. "I love really big-collared '70s shirts and funky clothes when I have to dress up. Otherwise, I'm a jeans and T-shirt boy."

After Cannes, Robinson made a trip to L.A. — and realized Tinseltown wasn't for him. "Living in L.A. is the last thing I want to do," he says. "You cancel out all your life experiences living in a fake world." He plans to stay put in Portland — at least for the next two weeks. Then he's off to North Carolina to begin shooting an adaptation of J.T. LeRoy's "The Heart is Deceitful Above All Things," directed and co-starring Asia Argento, with Winona Ryder and Peter Fonda.

But Robinson insists his newfound fame hasn't affected him much. "My friends tease me, that's about the extent of it," he says. "And my girlfriend thinks it's cool." — Marcy Medina





Curves.

Seams.





Buttons.





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Vho's That Girl?

DOING IT HERSELF

ou'd think that Cayli Cavaco would be over fashion by now, but the willowy 26-year-old daughter of fashion legends Kezia Keeble and Paul Cavaco, Allure's creative director, is just getting

started. "Maybe I'm a loser, but I never get tired of going to fashion shows," says Cayli, who attended her first one in Paris as a six-month-old and will hit the Marc Jacobs, Anna Sui and Zac Posen shows this week. "It's like going to the movies; it never gets boring.

Of course, growing up in the offices of public relations powerhouse Keeble, Cavaco & Duka, which her parents founded, didn't offer Cayli much of a chance to rebel. "My dad is so cool and accepting I had nothing to rebel against,

Cavaco describes her personal style as "a little bit rock 'n' roll, a little bit sweet." But when she was still crawling the floors of KCD, where the company uniform was all-black, the younger Cavaco followed suit. "I wore black as a kid, then started wearing color when I was a teenager. I guess that was my rebellion.

Now Cavaco is making her own way into the family business, working on a book based on her doit-yourself columns for Teen Vogue and shoppin around a spritely demo reel for "Way to Be," a D TV project touching on fashion, beauty and interior design. "What I'm looking for and what the next generation is looking for isn't cookie-cutter," Cavaco explains. "That's why DIY is such a popular thing. It's

Though she toyed with becoming a designer, then an actress, Cavaco likes the idea of making people happy with her fashionable ideas. "Fashion is in my genes, so The trying to find a way that I can use that and give back more," she says. It's also a way to feel closer to her mother, Kezia, who died of cancer in 1990. "Fashion is a family thing to me. It's a whimsical and fantastical world, and it's a way to keep in touch with my mom and

She's also recently started hanging out with Zac Posen, just as her parents befriended an older generation of designers. "My dad called me today and said, 'Now people think of me as Cayli's dad

Still, as familiar as the ways of the fashion world may be to her, Cavaco, who used to watch the shows sitting at the foot of her father's front-row seat, is still getting used to being invited on her own. "I got a ticket to Zac's show and it said BKST on it," says Cavaco. "I called and said, 'I know I'm not famous, and I'm not complaining, but you want me to watch the show from the back of standing?" Nope. Zac needs Cayli backstage.

Jessica Kerwin

MODEL — ACTRESS — WHATEVER

Ome girls grow up wanting to be Madonna, Hillary Clinton, or Julia Roberts. Lydia Hearst-Shaw, daughter of Patty, cousin of Amanda, wanted to be like Barbie.

"Barbie did everything from being a doctor to being a pilot," Hearst-Shaw says. And she hopes for a career just as diverse.

For the time being, however, Hearst-Shaw is focusing on being a model. While still a senior in high school, she signed with Ford after debuting at the Bal de Crillon in Paris. Now a sophomore at an undisclosed college in Connecticut (she can't say where, because of her mom), Hearst-Shaw debuted on the New York runways of Helen Yarmak and Zang Toi

But that's only step one in her plan to be the next Hilary Duff. She's already had small roles in two independent films, but isn't sure "acting will fit into my schedule at the mo-ment." It's a schedule that includes recording a demo — "I think that will be the next thing I try and conquer," Hearst-Shaw adds. "I don't think there's anything to lose" — and completing a degree in communications and information technology.

"I'm planning to continue modeling and even come out with my own fashion line, but I really want to go into entertainment law," Hearst-Shaw admits. "I'd be able to do my own contracts and everything. I just want to make sure I know what's going on and have the upper hand in every situation.

It's amazing Hearst-Shaw finds time to hang out with her cousin, Amanda, who is also a model. "We actually started out at the same time, though we haven't done any shows or photo shoots together," Hearst-Shaw says. "We don't really talk about work. We talk more about the normal teenage things — boys, clothes, parties — and just sort

Cayli

of veg out."

Hearst-Shaw has also discovered at least one hobby Barbie never did: Bowling. "There are a ton of bowling alleys in Connecticut," she explains. "I'm actually really good at it."
There are no plans yet to add the sport to her professional repertoire, though. "I don't know if I'd be able to get into it that seriously,"

earst-Shaw laughs Lydia's older sister, Gillian, who though

Lydia Hearst-Shaw, above Amanda Hearst and Gillian Hearst-Sh aw at the Ferraga party at left.

she's not pursuing modeling made her way to the Ferragamo party on Friday night, is surprised about Lydia's newfound oy. "I'm more of a golfer than a bowler my-

self," she says. "And I think I'll stick with golf." Perhaps Gillian will help her younger sister balance her vida loca. "I'm constantly running around," Hearst-Shaw says. "It's a little crazy at times — seeing my boyfriend, doing homework, meeting with teachers for extra help. But I'm 18, and I think things are supposed to be crazy."

— Marshall Heyman

J Azzarto has only the fondest memories of going on tour in the early Eighties with her grandfather, the late, great Frank Sinatra, and her mother, Nancy Sinatra Jr.

"I was seven or eight and Frank bought us Big Wheels in Vegas. He'd get a floor at the hotel and it became our playground," Azzarto recalls on a rare break from working on "Sinatra: His Voice. His World. His Way," a stage show that premieres at Radio City Music Hall next month. Azzarto, who has had experience as a music supervisor on films like "Down to You" and "Julien Donkey-Boy," seems to be having as much fun helping the legal team deal with copyright issues for the multimedia project as she did on tour.

"The executive producers of the show came up with the concept and pitched it to my family," Azzarto explains, almost breathlessly. "I said I needed to be involved in this show in some capacity and I've watched it come to life."

Azzarto, 29, has wound up shadowing her grandfather in more ways than one. For starters, she lives with her husband, the musician Matt Azzarto, in a town house in Hoboken, N.J., where Frank himself got his start.

"The first place I saw in Hoboken I thought, 'This is it,'" Azzarto says. "Then I talked to my grandmother and she said, 'You know, that's two blocks from where your grandfather lived.' It was kind of serendipitous.

kind of serendipitous."

Though she tends to focus much of her energy on behind-the-scenes work, Azzarto has always been something of a performer. In high school in Los Angeles, she sang backup in a metal band and, while studying screenwriting at USC, she started her own group called Sleepington ("It was slow, dirgy rock music," Azzarto says. "You know, angst ridden."). Though she tried her hand at founding a record label, she's now back to singing, though this time, it's jazz.

"My husband, my brother-in-law and I are sort of a gang of musicians," Azzarto says. "We have a residency at my brother-in-law's club, The Goldhawk, in Hoboken so it's all in the family." She even sings some of her grandfather's standards. "I'm just hopeful that I'm doing them justice."

Though Azzarto is hard at work on finishing this stage project, she's already focusing on producing an album for her mother. (Nancy's fans in the music business are contributing material). And she has at least one music supervising project lined up — a documentary about

material). And she has at least one music supervising project lined up — a documentary about

But Azzarto is also gearing up for fashion week, and plans to attend the Catherine Malandrino.



Calvin Klein, Narciso Rodriguez and Michael Kors shows. On this particular day, she pulled out all the fashion stops: a Prada top, Yves Saint Laurent pants and Chanel earrings in the shape of a star. "These were a wedding gift from my mom. My grandfather had given them to her on her wedding day," she says. "They're the only Chanel I own.
"I'm so proud of the fact that I'm a member of a great family. It always feels like an honor," Azzarto adds. "My grandfather was so classy. Even the popcorn in his screening room was classy



Terror Ties Seen in



 $Continued\ from\ page\ 2$

to what they see as a much less risky proposition than drug running, which carries much stiffer sentences and a higher likelihood that someone arrested will face prosecution.

According to sources, full criminal prosecution of a counterfeiter could result in a prison term of one to three years. But attorneys involved in the field said only a handful of people in the U.S. are criminally sentenced for counterfeiting each year. In most cases, people who face criminal charges pay fines and damages. More commonly in the U.S., anti-counterfeit lawyers pursue civil suits.

The growing involvement of terrorist groups in counterfeiting has attracted the attention of Congress. In July, the House Committee on International Relations held a hearing on the issue of terrorist groups

raising funds through counterfeiting.
In his opening remarks, Rep. Henry
Hyde (R., Ill.) said, "Terrorists are becoming more creative with their financing of operations, especially when it comes to intellectual-property crimes. The counterfeit item you purchase from a street vendor or on the Internet may be helping

to finance terrorism."

Interpol Secretary General Ronald K. Noble told the House committee that counterfeiting was becoming "the preferred method of funding for a number of terrorist groups." He said the reason these groups were turning to counterfeit-ing was clear: It's estimated to pay a return of \$10 on every \$1 invested, a profit that can meet or even exceed that of the drug trade, at a lower risk.

Noble cited instances where terrorists

in Northern Ireland, Kosovo, Chechnya and north African nations were connected to counterfeiting various goods, as well as a connection to Hezbollah, the Middle Eastern terrorist organization. He also detailed a case in which an Al Qaeda member shipped a cargo container of counterfeit shampoos, creams and fragrances from Dubai to Copenhagen.

Asa Hutchinson, undersecretary of the Border and Transportation Security Directorate at the Department of Homeland Security, told the committee:



The NYPD has two teams of officers that deal with counterfeiting, one that focuses on street vendors and another that takes aim at distributors and manufacturers.

"Customs attachés have seen, in two specific areas, indications and circumstances that led Customs to suspect that intellectual property crimes and terrorism are linked."

While he conceded that Customs has t "established a direct link between profits from the sale of counterfeit mer-chandise and specific terrorist acts," he said there has been suspicious activity in South America and the Philippines.

Timothy Trainor, president of the Washington trade group International Anti-Counterfeiting Coalition, also testified that counterfeiting is becoming attractive to organized crime groups.
"I can only speculate that smart coun-

terfeiters are counting on law enforcement, prosecutors and the courts to take a ment, prosecutors and the courts to take a soft approach to those who engage in what appears to be 'victimless' counter-feiting." Trainor said.

The IACC recently issued a 26-page white paper that sketches out the links between counterfeiting and terrorist

groups, noting that one recovered Al Qaeda training manual "revealed that the organization recommends the sale of fake goods as one means to raise funds.

In an interview, Trainor said, "We do

e sold on th streets of New York is counterfeit. have members that have found [counterfeiting operations in the Middle East that they are certainly convinced are part of

terrorist organizations."

Another person who testified at that hearing was Larry C. Johnson, a founder of the Washington consulting firm Berg Associates LLC, who earlier in his career served in the Central Intelligence Agency and the State Department's Office of Counterterrorism.

He said in an interview that through his firm, which specializes in investigating counterfeiting, he has been involved in raids on three Latin American companies some executives of which have turned up on a U.S. government list of people who were known to have direct links with terrorist groups.

"Most of what I've been involved with has been household appliances," he said. "However, a couple of those family groups get involved with all sorts of fashion goods."

A spokesman for the Bureau of Customs and Border Protection, part of the Department of Homeland Security, confirmed that it is investigating the link between counterfeiting and terrorists.

Customs seizures of counterfeit merchandise entering the U.S. have been up significantly this year, rising 42.6 percent to \$38 million worth of goods through the first six months of 2003. That increase is largely due to a massive surge in the volume of counterfeit cigarettes seized — Customs this year has seized \$18.5 million in counterfeit Chinese cigarettes alone. (See chart on facing page.)

Just as China is growing to be a domi-

nant supplier in many categories of legit-imate imports into the U.S., it also leads the list of counterfeit goods seized by Customs. The bureau this year has seized \$26.7 million of bogus Chinese goods, including \$2.4 million of bags and wallets, \$1.2 million of apparel, \$488,955 of footwear and \$358,217 of watch parts. Seizures of Chinese goods far outweighed that of the other leading nations to have goods confiscated. They were Hong Kong, from which \$1.9 million in merchandise was seized; Mexico, with \$1.5 million; South Korea, with \$1.4 million, and Malaysia, with \$902,532.

It's unclear how much of the counterfeit goods flowing into the U.S. is intercepted by Customs, observers said, but they said it likely represents a small piece of the pie. By way of comparison, this year, the New York Police



Counterfeiting Trade

Department's trademark-infringement unit has seized about \$16 million worth of counterfeit goods. (The NYPD numbers do not correlate directly to Customs' figures, as NYPD figures are based on what undercover officers found the resale price for the goods to be - roughly a wholesale figure — while Customs' num-bers are based on an estimate of what the merchandise would have sold for on the street — more analogous to a retail price.)
"The U.S. government spends billions

"The U.S. government spenus minons of dollars a year to try to keep drugs out of this country," said Robert Tucker, of Tucker & Latifi LLP, a New York law firm that specializes in intellectual property issues. "They have the full resources of the American Charact Marines." the Army, Navy, National Guard, Marines, [Drug Enforcement Agency] and FBI, and they can't keep drugs out. If they can't do that, how is U.S. Customs going to keep counterfeit goods out of the country?"

Sources described the organizations dealing in counterfeit goods as becoming much more sophisticated over time. They have diversified sourcing networks, bringing in merchandise from Asia and the Middle East. In some cases, foreign factories that are authorized suppliers of branded merchandise run legitimate orders during their day shifts and additional runs of identical merchandise at night, then resell the goods to counterfeit dealers.

How common a practice that is is unclear. One source estimated that as much as 30 percent of the world's counterfeit clothing is being produced in that way, while others thought the number would be far lower.

In other cases counterfeit dealers import unbranded clothing, like T-shirt blanks, into the U.S. and then have coun-terfeit brand identification added when

the goods arrive.
"If someone wants to sell counterfeit Rolex watches, what comes in are generic watches that look like Rolexes, and once they come in, the dials are switched out and new crowns are glued on," said attorney Tucker.

NYPD's Sgt. Tom McFadden of the

trademark-infringement unit said last month the police raided a counterfeiting operation in the Bronx that was using 116 high-end Tajima embroidery machines to put brand logos on garments. That allowed a massive output in bogus goods.

anowed a massive output in bogus goods.
Sources added that the quality of
counterfeits is also improving, for
instance counterfeit jeans will feature
such details as hangtags and authenticlooking buttons and rivets.

Dougherty, the private investigator, described "an alarming increase in the higher quality of merchandise, which is par-ticularly of concern to us because, basically, when someone goes to Canal Street and buys a handbag or watch, most of the time

they realize it's a knockoff and they buy with the intention of buying a knockoff." Today, he added, "some of the gar-ments out there I find difficult to identify as knockoffs, and I've been doing this 17

In Manhattan, sources said, the trade in counterfeit goods — ranging from jeans, jewelry and purses to CDs and DVDs — is concentrated in two key areas: Chinatown and a stretch of midtown clustered around Broadway from around West 25th Street to West 32nd Street, just south of the apparel district.

The Chinatown trade, sources said, tends to be dominated by Asian criminal gangs, including the Chinese gang the Triads. In midtown, the trade is more controlled by persons of Middle Eastern origin, though sources cautioned that they don't presume all such persons are

funneling money to terrorist groups.

According to sources, authorities are

also looking into claims that terrorists might be using legitimate apparel factories abroad in Pakistan, the Middle East and elsewhere as ways to launder money and transmit funds to terrorist groups. The theory is that they could do so by overpaying for actual shipments of mer-

Court papers filed in the case of Uzair Paracha, a Pakistani and the son of a garment factory owner, indicated that authorities were looking into whether a and resold through channels such as off-

pricers and jobbers.

"More organized groups will sanitize invoices, so that a shipment of 10,000 jeans or shirts will reflect a shipment of 100,000, and then it's mix-and-match," said McFadden. "They'll get identical thread-count jeans or shirts and have the different trademarks sewn on and neck labels sewn in and then mix-and-match to large discounters

McFadden said this year's city seizures



Many counterfeit watches sold in New York are imported into the country in a generic state and are customized by counterfeiters

Capturing Counterfeits

Customs and Border Protection Seizures of Counterfeit Goods Entering U.S., by Category First Half of 2003 and 2002

First Half 2003	First Half 2002	Percentage Change
\$22,240,239	\$2,691,848	726.2%
\$3,789,307	\$4,252,917	-10.9%
\$3,598,227	\$1,558,125	130.9%
\$2,446,900	\$5,163,738	-52.6%
\$1,249,309	\$4,339,388	-71.2%
\$988,221	\$2,521,527	-60.8%
\$972,135	n/a	n/a
\$422,986	\$1,541,211	-72.6%
\$302,985	n/a	n/a
\$1,974,834	\$4,573,516	-56.8%
\$37,985,143	\$26,642,270	42.6%
	\$22,240,239 \$3,789,307 \$3,598,227 \$2,446,900 \$1,249,309 \$988,221 \$972,135 \$422,986 \$302,985 \$1,974,834	\$22,240,239 \$2,691,848 \$3,789,307 \$4,252,917 \$3,598,227 \$1,558,125 \$2,446,900 \$5,163,738 \$1,249,309 \$4,339,388 \$988,221 \$2,521,527 \$972,135 n/a \$422,986 \$1,541,211 \$302,985 n/a \$1,974,834 \$4,573,516

N/A = NOT AVAILABLE SOURCE: BUREAU OF CUSTOMS AND BORDER PROTECTION

company he was running in the garment district was being used to launder money.

Another concern of authorities is that

the growing amount of high-quality merchandise is changing the nature of the counterfeit trade.

"The lower-quality merchandise is definitely distributed through the streets and the flea markets," said the NYPD's McFadden. "But the higher-end counterfeits can be distributed through legitimate channels

Sources explained that the high-quality counterfeit goods are often mixed in with legitimately acquired merchandise, as well as the odd lot of stolen garments, of about \$16 million worth of goods are about double the volume the NYPD would typically confiscate four or five years ago. His unit, which includes six officers alto-gether and is part of the Organized Crime Investigation Division, is widely cited as the most extensive such operation mounted by a local police department within the U.S., though the unit's size has declined by about four officers over the past few years

Part of the reason for that is that two years ago the NYPD Foundation began raising contributions from trademark holders to help fund the department's buy-andbust counterfeiting efforts. Gregg Roberts. executive vice president of the foundation, said it has raised about \$200,000 for anticounterfeiting purposes so far. Sources said having funds to buy coun-

terfeit goods in large quantities is important because it allows investigators to move up the food chain and find big suppliers Before the foundation began raising funds for this purpose, investigators of weren't allocated money for large buys.

"When you're the chief of department and one request says we need \$25,000 to and one request says we need \$25,000 to buy three AK-47s from the South Bronx, and another is \$40,000 for two kilograms of cocaine and a third is \$15,000, and we're going to buy 600 pairs of blue jeans, well, the reality of it is the reality of it," said Steve Davis, a former NYPD official who now runs the Davis Investigative Group a private investigations firm Group, a private investigations firm. But trade in counterfeit goods in New

York has become more violent, and in recent months there have been several shootings and armed robberies of CD-duplicating operations in midtown. McFadden explained that is because of the large volumes of cash involved in counterfeit trade.
"You can go into a room that could be

15 [feet] by 15 [feet] and there could be 50,000 CDs — and 50,000 CDs have a street value of a quarter of a million dollars," the NYPD's McFadden said. "If you have an illegal African immigrant sitting on a quarter-million dollars of product, he's going to have a lot of cash in his pocket."

Also, a drug dealer with that much product likely would be a major player in a gang and therefore armed or protected by armed associates," he noted. A coun-terfeiter with that volume of merchan-dise, he added, would be "a nobody."

"That's one way of looking at how large the counterfeiting business has become," he added.

McFadden said his unit, which investigates the large-scale distribution and sale of counterfeit goods, typically makes about 100 arrests and executes a like number of warrants a year. Other units that focus on the street peddlers them-selves typically arrest a higher volume of people — he estimated that in Manhattan south of 59th Street, 3,000 peddler arrests

are made every year.

Information on the major suppliers of counterfeit goods tends to bubble up from

the streets, he explained.
"Maybe one van is supplying two or
three street vendors. If we receive information on that van, we can do a workup and see where the van has been, who the owner is, where it is registered," he said. "If the van goes back to a factory area, we may set up surveillance on that factory,

maybe go through their garbage."
In sportswear, McFadden said the most counterfeited brands these days are "definitely the hip-hop brands: Sean John, Phat Farm, Enyce, Akademiks, Rocawear." In handbags and accessories, the most common victims include Louis Vuitton, Burberry, Prada, Fendi and Gucci, he added.

Not all observers of the counterfeiting

problem agree that the trade is becoming highly organized.

"My theory has always been that counterfeiting is fragmented and not organized at a very high level," said Tucker, the attorney. "Typically, the sophistication level that's necessary to counterfeit products in it, you high." ucts isn't very high.

Still, most observers said they hoped that if the reports of terrorist ties to counterfeiters are true, it will result in increased law-enforcement attention to the trade.

"For the longest time, I think that

counterfeiting was perceived as a victim-less crime," said Dougherty, the private investigator, "and I don't believe it is."

Financial

Groupe Clarins Sees \$8M Drop

By Jennifer Weil

PARIS - The cost of closing its Thierry Mugler Couture operations drove Groupe Clarins to a net loss of \$8 million during the first half of 2003.

Dollar figures are converted from the dollar at current exchange as Clarins reported a loss of 7.1

The total aftertax cost of the discontinuation amounted to \$38.9 million, or 34.4 million euros, Clarins said. Its impact on Clarins' cash situation was estimated by the company to be \$30.8 million, or 27.2 million euros.

Christian Courtin, president and chief executive, said during an analyst meeting Friday that it was "absolutely necessary" to shutter the couture business to end the losses. He added Clarins' future is in beauty, which registered sales of \$472.7 million,

or 417.9 million euros, down 1.8 percent at average exchange but up 6.7 percent in local currencies. Courtin called the latter figure "among the best growth in the sector," and added that the firm had reached its objectives in the period, improved margins among them, despite a host of obstacles, including the war in Iraq, SARS and stagnating consumption.

Clarins' operating margin improved in the half to 10.5 percent of sales, or 11.7 percent at constant exchange rates, versus 9 percent in the first half of 2002. That was on an operating profit of \$49.8 million, or 44

BEAUTY BEAT

million euros, up 14.8 percent, or 38.9 percent on a like-for-like basis

Net profit excluding couture rose 1.6 percent, or 38.8 percent on a like-for-like basis, to \$30.9 million, or 27.3 million euros, in the period.

Net debt was reduced to \$106.6 million, or 94.2

million euros, at the end of June, from \$131.3 million, or 116.1 million euros, at the end of 2002. As the second half unfolds, numerous products

will be launched by Clarins, including Super Restorative Serum for the 50-plus set and the Instant Light illuminating pen.
Optimistic about the future, Courtin said Clarins'

sales for July and August together rose 12 percent at constant exchange rates, putting them on track to exceed the 5 percent sales increase it projects for yearend 2003.

Analysts lauded the uptick. "This rapid growth in July and August was impressive," said Eva Quiroga, an analyst at UBS, "but I don't think it's going to last. Clarins is coming up against a tough comparison."

For instance, the firm ended 2002 with a 19 percent fourth-quarter sales increase, excluding structural and currency changes.

However, Quiroga said she believes the 2003

projection is "safe — Clarins will probably do better than the target."

Clarins management also expects an increase

in operating margin for the full year. Clarins stock closed Friday up 3.8 percent at \$56.90 a share

La Prairie's Gem

NEW YORK — If diamonds are a girl's best friend, what might a microdermabrasion system containing such jewels be to women?

La Prairie's Systeme Suisse Microdermabrasion. set to debut in January, uses refined natural dia



monds, freshwater pearls and crystal quartz to exfoliate the surface layer of skin. Then, Advanced Moisture Complex, which contains vitamins A, C and E: arnica: calendula, and sea botanicals, energizes and rejuvenates the skin's appearance.

gizes and rejuvenates the skin's appearance.
"We used an array of ingredients that are different from what's out there," said Lynne Florio, president of La Prairie, part of Beiersdorf's prestige division. "I think there's a big difference in the texture of these products versus other products." She explained that because La Prairie's products are priced higher than most, the company "can afford to put everything in at a higher level and can always. everything in at a higher level and can always do it in a different way."

Systeme Suisse retails for \$350 and consists of the Cellular Microdermabrasion Cream, Cellular Softening and Balancing Lotion and three sponge applicators that come in different levels — a white sponge for the face, pink for the body and black for the heels and callused areas. A plastic tray that holds the sponges and their silver handle, as well as the cream and lotion, is packaged in a silver-and-white box. Florio noted that from the packaging to the product, La

Prairie has attempted to make luxurious "a process that might not feel so elegant."

While the company declined to comment, industry sources estimate that Systeme Suisse Microdermabrasion could gen erate sales of approximately \$5 million in its first year at retail.

The company's U.S. distribu-tion comprises about 280 doors. Systeme Suisse's distribution is still being finalized, although it will be available in Neiman Marcus and Saks Fifth Avenue doors. It will launch internation ally in April.

— Kristin Finn

	Weekly Stock Index						
	52-W			D/E	Sales	1	Amt
	High	Low	Broadline Retailers	P/E	(00 's)	Last	Change
	7.68	3.37	Bon-Ton Stores	8.2	4434	7.49	0.04
:	26.45	12.32	Dillard Dept.	28.9	32463	15.16	-0.15
;	45.38	23.51	Federated	18.7	99049	42.79	-1.14
	3.20 25.55	0.94 14.07	Gottschalks J.C. Pennev	- 17.5	1423 202883	2.90 21.44	-0.02 -0.09
	28.17	17.81	May Dept. Stores	15.5	94767	25.34	-1.31
	14.17	6.66	Saks	28.8	29704	11.92	-0.26
	48.00	18.25	Sears	8.9	158790	43.52	-1.56
	41.80	24.90	Target	21.2	273981	39.03	-0.98
,	4.00	1.48	Value City Wal-Mart	- 20 6	21331 452037	3.91	0.90
	60.20	46.25	vvai-iviai l	29.6	432037	57.48	-1.41
			Softline Retailers				
	35.07	17.05	Ann Taylor	17.6	41338	32.30	0.00
	1.81	0.63	Bluefly	-	6811	1.37	0.01
	21.73 7.42	15.40 2.70	Burlington Coat Charming Shoppes	13.6 19.5	2191 28712	19.77 5.58	-0.32 -0.04
	33.94	14.00	Chico's FAS	33.4	82565	31.23	-0.66
	16.19	11.06	Dress Barn	14.9	4964	13.00	0.11
	17.35	8.20	Foot Locker	14.4	35665	16.55	0.32
	21.29	8.35	Gap	20.0	372922	18.20	-0.06
	73.00	44.00	Kohl's	31.5	159464	58.43	-2.83
	18.50 43.11	10.88 24.87	Limited Brands Neiman Marcus Group	14.2	111939 6779	15.78 41.19	-0.34 0.54
	26.49	15.00	Nordstrom	20.0	63043	24.89	-0.60
	23.98	7.21	Pacific Sunwear	25.6	137560	21.14	-0.09
	52.10	32.58	Ross Stores	18.0	29915	48.53	-0.27
	8.40	6.02	Syms	-	185	6.88	0.03
	38.65 22.08	20.59 15.54	Talbots TJX	17.2	16066	34.10	-0.48
	22.00	13.34	IJΛ	19.9	111550	20.45	-0.30
			Vendors				
	58.92	47.08	Alberto Culver	21.2	11063	57.30	-0.45
	67.25	45.22	Avon	27.5	51096	64.57	-0.71
	22.19 59.39	13.65 22.50	Cherokee Coach	12.5 34.9	436 46029	20.80 57.33	0.30 -0.07
	54.42	28.72	Columbia Sportswear	18.4	9950	51.50	-0.40
	30.63	16.24	Del Laboratories	14.4	504	30.63	1.38
	37.99	25.20	Estee Lauder	27.1	27448	34.52	-0.87
	29.00	14.99	Fossil	20.7	9868	25.75	-1.90
'	12.00 99.80	4.49 82.53	G-III Gucci	16.6 35.7	1510 10738	10.00 99.33	-0.25 -0.25
	9.80	3.30	Guess	-	5409	9.25	0.23
	37.78	25.61	Jones Apparel	11.1	37188	31.37	0.15
	38.34	19.70	Kellwood	37.8	10724	34.52	-0.21
:	28.25	16.00	Kenneth Cole	19.6	3311	27.45	-0.25
	36.96	23.55	Liz Claiborne	14.3	29851 1782	33.88	-0.37
;	8.00 24.53	3.40 14.60	Mossimo Movado	8.6 12.8	966	6.01 22.94	-0.34 -0.61
	62.74	19.65	Oxford	22.2	7501	60.89	-1.11
	15.60	10.80	Phillips-Van Heusen	12.5	7423	14.70	-0.35
;	30.10	16.49	Polo Ralph Lauren	14.7	19489	27.02	-1.44
	19.55	9.10	Quiksilver	16.5	71177	17.30	-0.66
	4.60 21.15	1.85 13.14	Revlon Russell Corp.	8.5	4195 33172	2.97 15.72	-0.03 -3.33
:	5.29	2.45	Tarrant Apparel	-	140	2.88	-0.06
	13.05	5.61	Tommy Hilfiger	7.1	33250	12.14	-0.11
	17.26	3.78	Tropical Sportswear	-	3738	4.49	0.08
٠	41.59	31.50	VF Corp.	11.7	15514	39.61	-0.31
	17.39	8.80	Warnaco	-	28045	16.94	0.34
:			Textiles				
	2.77	0.90	Cone Mills	27.5	5108	1.08	-0.01
	6.15	2.62	Delta Woodside	7.2	144	3.17	0.07
	0.08	0.00	Galey & Lord	-	190	0.03	0.00
١	12.00 7.52	2.25 4.25	Guilford Mills Unifi	-	52 7820	10.00 7.06	-1.00 0.07
	1.02	7.20	On III		1020	1.00	0.07

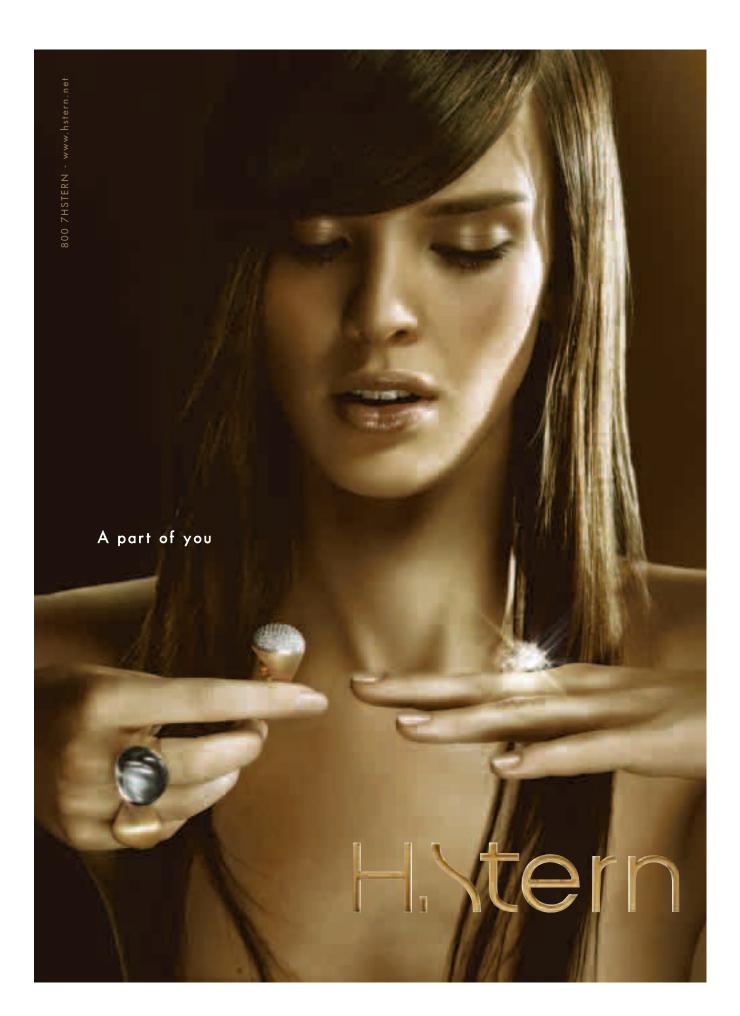
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Biggest Perce For Week Endin	g Sept	ember 12
Gainers	Close	Change
Value City	3.91	29.90
Del Laboratories	30.63	4.72
Guess	9.25	2.55
Delta Woodside	3.17	2.26
Warnaco	16.94	2.05
Losers	Close	Change
Russell Corp.	15.72	-17.48
Guilford Mills	10.00	-9.09
Fossil	25.75	-6.87
Mossimo	6.01	-5.35
Polo Ralph Lauren	27.02	-5.06

WWDStock Market Index for the Week Ending September 12					
Composite: 115.16	Broadline Stores: 116.04	Softline Stores: 114.53			
-2.48	-2.92	-3.06			
Vendors: 111.93	Textiles: 124.93				
		Index base of 100 is keyed to closing prices of Dec. 31, 2002.			
-0.76	-0.41	01 200. 01, 2002.			



Factoring & Receivables

ounterfeiting Case More Than Meets Eye

Continued from page 2 profiteers operating in Chinatown. But guess again.

U.S. District Court Judge Thomas Griesa in April held some of the listed defendants, including Thanh Nam Huynh and Billion Fortune Corp., in civil contempt for violating a temporary restraining order and preliminary injunction. Damages were assessed at \$4.8 million. According to court records, the contempt citation was based on a "counterfeiting opera-tion" that involved the "purchase of blank watches from Asia and the assembling of the watchesand the counterfeit faces, and that [the] assembling occurred at 383 Broadway."

Joseph Milano of Schwartz,

Levin & Milano, who represents Billion Fortune and Thanh Nam Hyunh, did not return calls requesting comment.

A number of the other defen-

dants cited by Judge Griesa did not appear in the case.

By the end of last month, additional names, such as Speedy Shipping Services Inc., had been added to the list of known defendants. Perhaps more importantly has been the investigative work surrounding separate, yet related, actions around the country that all lead back to the New York case, which remains at the heart of the counterfeiting focus by the Cartier/Richemont team.

Harley Lewin of Greenberg Traurig, the lead litigator in the Cartier/Richemont case, said in an interview that, in his opinion, the efforts and strategies implemented by the legal and investigative teams have exposed at least "two counterfeiting rings.

While at least one contempt citation has been issued, and Richemont expects several more to follow, the case is nowhere near completion. Judge Griesa still has to rule on the core of the lawsuit, the trademark infringement and counterfeiting allegations.

The investigative work, headed by George Arnold of the de-tective agency that bears his name, is ongoing, and the team is pursuing entities that it believes constitute a third counterfeiting ring. In addition, there are also separate court actions or ongoing investigations across the U.S. stretching from New York, New Jersey and Connecticut to as far away as Texas and California.

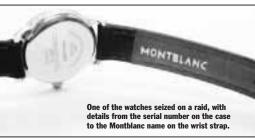
Marc Frisanco, deputy intel-lectual property counsel for the

Richemont Group, in a telephone interview said the extensive investigative efforts by its lawyers and detectives have helped the firm garner much support from federal agencies such as customs and the Federal

handbags and accessories de-signs involving multicolored pat-

terns on a white background.

As for dollars, the lawsuit said that so far, more than 23,000 Louis Vuitton Murakami handbags have



Bureau of Investigation.

According to Frisanco: "The FBI is working with the information we have compiled and I'm looking forward to federal law enforcement action shortly. The information also enables the FBI to continue with their own inves-tigation and to dig even further."

No one doubts that counterfeiting is a profitable business, as well as a troublesome one for the apparel and accessories industries. Past figures center on dollars lost by trademark owners and retailers, mostly compiled by estimates of retail values based on the number of goods seized.

But as for profits, quantifying But as for profits, quantifying the "big bucks" netted by the profiteers has always involved a bit of guesswork — until now. Court papers in the Cartier/Richemont case indicate just how profitable the counter-feit watch industry can be for at least one group of defendants. One can only guess what the margins are for fake handbags and other easily counterfeited fashion merchandise.

Richemont isn't the only

fashion firm hot on the heels of alleged counterfeiting activity.

As reported last month, the Louis Vuitton Malletier division of LVMH Moët Hennessy Louis Vuitton successfully obtained a temporary restraining order barring Fashion Express Inc. and Canada's Aldo Group from selling unauthorized LVMH monogram bags. The lawsuit alleged trademark infringement and counterfeiting of LVMH's new Louis Vuitton Murakami Toile Monogram marks. The marks been sold in the U.S., with a retail value at nearly \$12 million, since their introduction in 90 Louis Vuitton stores and in-store boutiques at stores such as Neiman Marcus, Macy's, Bloomingdale's and Saks Fifth Avenue.

As reported, Canal Street counterfeiters in the spring were asking anywhere from \$75 for the smaller bags featuring multicolored logos on a white background to \$200 for the larger ones. In contrast, the authentic Murakami Vuittons range between \$360 and \$3,950. Because of lengthy wait lists for the real thing, the Murakami styles have become a hot commodity on the black market.

Certainly, no popular fashion house is immune to counterfeiters. If anything, the higher the prestige factor is for a brand, the greater the likelihood is that counterfeiters have already tar-

geted the product for illegal gain. For Cartier and Richemont, the successes so far — one contempt judgment for \$4.8 million, one individual getting ready to start a prison term and seizures of bank accounts — have been based on a radical strategy that departs from

past search and seizure raids.
According to Lewin, "What we've been doing for the two vears is putting together a plan where our focus is dramatically different than it was 15 years ago. In the past, a lot of emphasis was put on chasing after Canal Street vendors, with large amounts of product being captured. What we have found is that two hours later these vendors have been resupplied.

"George Arnold and I wanted to try a different approach and focus on the middle man to get to the really big guys, such as the importers and the manufacturers. Our strategy is that everything we do is designed to get us to that place."

Bharat Dube, counsel for The Richemont Group, in a telephone interview said firms need to be more resourceful and creative in their fight against counterfeiters. The supposed anonymity of the Internet is no excuse to let the il-

Hegal activity continue.

He explained, "In the old days, it was like a slave trade. The big counterfeit gangs on Canal Street would have people take the rap whenever there was a counterfeiting sweep. The impact of the raids was limited. Once someone heard that a raid was being conducted, a quick cellular phone call would be made and the vendors would close their shops. Whatever was seized and the token damages assessed [were considered] the costs of doing business."
Usually, the culprits were "il-

legal immigrants who were being exploited by the counterfeiting gangs. They took the rap and re-fused to speak about whom they worked for, those that are further up on the chain.

Because of the Internet, however, one can forget about any honor in the practice of nondisclosure. Those days are gone. The new breed of players, at least those on the low tiers of the totem pole, are not "hardened" bit participants, according to Dube. Many, he noted, are the so-called "techies who think that they can hide behind the complex architecture of the Internet and not get caught. They're the ones who drop their guard down in many ways.

In fact, it was the increased reliance on the Internet by wrongdoers that allowed his firm to step up its work in catching perpetrators. The starting point, Dube said, involved a case first reported by WWD in January 2001 involving two residents of Lancaster, S.C., who were arrested on charges of trafficking in luxury goods that bore counterfeit trademarks, such as Rolex and Cartier watches, over a Web site.

One of the individuals was Mark DiPadova, who operated a Web site called Fakegifts.com. A time, a Cartier with a stainless steel band, had a list price of \$650.

As reported, DiPadova may have partly been done in by his own arrogance. He posted a mes-sage on his site when it was still accessible, which read: "I'm my own Internet-service provider. They [brand owners] can't serve me if they can't find me. And even if they do shut down one site, I'll put up another. I'm very much aware of what I'm doing, but the money is so good, I'm going to keep doing it." In March 2001, he pled guilty to conspiracy to traffic in coun-

terfeit Rolex, Cartier and Tag Heuer watches, Montblanc pens and Oakley sunglasses. DiPadova was shipped to a federal prison in Marianna, Fla., for his incar-ceration. Even from jail, the Richemont folks weren't far from his mind.

In a letter dated Aug. 1, 2002, obtained from Richemont, DiPadova wrote that the luxury goods conglomerate "made a huge mistake having me wrong-fully incarcerated."

In the four-page letter, he also wrote: "Now for the fun part! Payback. I realized your biggest fear, and that's the Internet and the uncontrollable threat it must represent to your clients. I mean the shipping of this product worldwide. You will have no more control. Your harassing techniques in Chinatown and other places are barely working. I can imagine what the Internet will do to you."

DiPadova said he would set up a new Web site telling others how to evade the law, and even acknowledged, "I by trade am a computer integration consult-ant....In my field I earn on the average of \$150K a year. However, this field of endeavor got rather boring and tedious. I thrive on challenges....I am a member of

Mensa with a test IQ of 165." For every DiPadova, there are many more like him who op-erate their own Web sites selling

According to Lewin, many are teenagers. He said one outof-state investigation he worked on involved a 17-year-old who was living in his mother's house

"When we did our search, all that he was worried about was that we [finish] doing whatever we were going to do before his mom got home. The kid had



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\$80,000 in cash in his name," the attorney said.

In March 2001, John Lawler of Natick, Mass., caught the attention of the FBI Computer Squad in Boston because of a Web site he operated that sold counterfeit watches, including those bearing unauthorized trademarks such as Cartier.

According to U.S. Attorney Tom Colanuono in Concord, N.H., the FBI, as part of its investigation, established an undercover operation in New Hampshire to purchase several fake watches. The U.S Attorney's office said the watches were mailed from California in pack

aging that falsely identified the point of shipment as Phoenix.

According to the U.S. Attorney, Lawler admitted in court when he pled guilty to conspiracy charges this July that the Phoenix address was used to hide the true location of the business and that during a one-year period, "he deposited over \$1.6 million in sales proceeds into just one of his bank accounts used for the conspira-cy." He is scheduled to be sen-

tenced on Sept. 30.

For Lewin and Arnold and the others working on the core Cartier/Richemont case in Manhattan, the investigations and seizures that they conduct around the country are centered on just one point; plowing through all the information seized, whether paper or electronic files from a computer, to see if there are any common links that could point toward a key player in the counterfeiting hub.

According to Lewin, one name did come up repeatedly: Sam Liu, a defendant in the Manhattan case. Court documents indicate that the Richemont team dug even fur-ther and determined that the choke points in the system were the shipping companies that act as facilitators.

Judge Griesa in another April opinion related to the case in-volving defendant J.A.C., but separate from the contempt issue, explained how the shippers operate: "It was usual for ship-ments to be made by the counterfeiters via UPS on a C.O.D. basis. The records show that the pay The records show that the payments were collected by J.A.C., which would then issue checks made out to 'Cash.' These checks would be delivered to the counterfeiters at 383 Broadway. They would be described in the counterfeiters at the described in the counterfeiters. would be deposited in one or more bank accounts belonging to the counterfeiters. The canceled checks show endorsements by one or another of the front companies used by the counterfeiters. The check stubs and other records of J.A.C. show that the checks made out to 'Cash' were actually for payment to 'Sam' or some other alias, obviously refer-ring to the counterfeiters."

In that decision, Judge Griesa ruled there was sufficient evidence of J.A.C.'s "contributory liability to justify both the injunctive relief and freeze of [its] assets," and concluded there was no basis for vacating or dissolving that restraint.

Lawrence Spirn, the attorney

for J.A.C., declined comment. Lewin said documentation through the course of his investigations indicated that the profitability of a counterfeiting operation is "mind-boggling, over \$100,000 a day, seven days a week, 365 days a year.'

Simon to Appeal Mall

According to Dube, "We know for a fact that the main production center is in China. The peo-ple behind it vary, but Taiwan and Vietnam [frequently] are the links in terms of financing."

The case in Manhattan, he said. is particularly promising because Richemont believes that the de-fendants include the top "two or three major suppliers to the Canal Street/Chinatown area vendors and to the West Coast cities."

Frisanco asserted, "We are not

suing the people selling the product on the streets, but hitting at the hub further up, those who supply to the ones who sell on the street.

We will make their life more miserable and we have shown them that we have the intelligence to hit them. It is a problem that they will have to cope with," he said.

NEW YORK — Simon Property Group Inc. said Friday it intends to appeal a federal district court order in Minnesota that requires it to sell its 27.5 percent stake in the Mall of America to Triple Five

of Minnesota Inc. for \$81.4 million. Triple Five had challenged a 1999 restructuring arrangement involving the mall's partnerships. claiming that it was denied the opportunity to participate in one the transactions. Triple Five, the originator of the idea of the 2.8 million- square-foot mall, in 1986 secured the development rights for the land on which the mall is situated. The Teachers Insurance & Annuity Association sold its 27.5 percent interest in the mall to Simon Property Group LP, and it was this transaction that Triple Five contested.

Triple Five is owned by four brothers: Raphael, Nader, Bahman and Eskander Ghermezian.

Simon Property Group LP's operating general partner is Simon Property Group Inc., the publicly traded real estate investment trust. Both the LP and the REIT are named defendants in the case.

On Wednesday, the Minnesota district court ruled that not only should Simon sell its stake to Triple Five, but that it also should give up net profits re-ceived from 1999 to the present. For the breaches of fiduciary

duty, the court ordered that all the defendants reimburse Triple Five for its reasonable attorney's

fees and costs of litigation. Some of the other defendants named in the case include Si-Minn Limited Partnership and Melvin Simon & Associates.
The court ordered that Si-Minn

be replaced as managing general partner of Mall of America

Associates, another defendant. Simon said in a statement Friday that entities other than Simon Property Group had violated the fiduciary duties owed to Triple Five. A day earlier, Simon in a statement took issue with the court's remedy of requiring it to sell its stake to Triple Five and described the court's order as "legally and factually wrong." The Mall is Simon's biggest single asset.

- Vicki M. Young



Factoring & Receivables

Factors: Looking Beyond Apparel

By Dan Burrows

NEW YORK — The seemingly eternal optimism of the factoring community is being tested in an autumn of tempered expectations about apparel that are leading these firms to search elsewhere for growth.

While industry volume appears to be growing again, it is doing so in the single- to low-double-digit range, and factors are working harder than ever to kee out even those gains. Indeed, were it not for the acquisition of new accounts, many of which fall outside the traditional base of apparel and textile manufacturing, some factors would be struggling to produce any volume increases at all. While factors are thankful they can survive in a down economy, they would much rather their existing clients do more business. After all, as many of them say, who needs the risk?

Moreover, factors find that they have to offer more services and pitch to a broader range of clients to compensate for the continuing difficult retail landscape where volume isn't being driven by an upsurge in retail sales, which are still sluggish at best.

At the end of the first quarter, many factors felt that, if nothing else, 2003 would be comparatively successful since the preceding year was so difficult. After all, 2002 was a time of almost unparalleled uncertainty for the industry, as the Kmart bankruptcy, corporate accounting scandals and geopolitical strife conspired to create an unstable economic environment, where doing business as a factor was perhaps as difficult as it has been in decades.

the tax abatements are going to have the positive impact on spending that has been touted," said senior executive vice president Jerry Sandak of Rosenthal & Rosenthal. "What I see down the road is not too wonderful. Through the first eight months of the year, I'd say our volume is up 5 to 8 percent, which is not the

can create more demand for their services. Sandak and other factors have found that volume gains have been predicated almost entirely on picking up new clients. Considering the elusive nature of sales increases in recent seasons, that's hardly surprising.

In Rosenthal's case, new business has come from mostly withmer," said president Barry Essig.
"Now we're picking up again. We think we'll be up about 5 to 10 percent by the end of the year. And that is driven by new clients, mostly outside the textile and aparel industry. Apparel still represents the single largest industry in our portfolio, but it is becoming a smaller and smaller part of it. We're looking at other industries because that's where the growth is. The U.S. is more and nore a service economy."

ening in our volume in the sum-

New clients are critical, said Essig, because among Spectrum's existing clients, for the most part, results this year have been down or flat.

"And results for those clients have been very confusing and mixed," said Essig. "I can't find any trend based on price points or product category in terms of what is doing well."

New business has driven similar volume gains at Sterling Factors, where concern over the relentlessly difficult retail environment has created interest in factoring from manufacturers and especially offshore exporters who are unfamiliar with the business landscape, said president Stanley Officina.

"Our volume is probably ahead 10 percent over last year," said Officina. "We're lucky to be

44Apparel still represents the single largest industry in our portfolio, but it is becoming a smaller and smaller part of it. We're looking at other industries because that's where the growth is. The U.S. is more and more a service economy.77

- Barry Essig, Spectrum Financial

But now, nearly three-quarters through 2003, the economy continues to send mixed messages. Second-quarter retail sales gains resulted largely from promotional selling, not on any great new demand for apparel. Meanwhile, the major market indices may be hitting highs they haven't seen in more than a year, but the so-called "jobless recovery" does not bode well for a substantial uptick in sales anytime soon the industry players eav

soon, the industry players say.
"Unemployment scares the
hell out of me, and I don't think

end of the world, but I am seeing our business as a reflection of the economy. Our business is highly associated with soft goods, which are a laggard, not a leader, of the economy. Looking ahead, on a scale of one to 10, I'd say the prospects for the economy are about a three or a four. Of course, the smart businessman will muddle through, and eventually things will turn around. They always do."

There are some benefits to economic uncertainty for factors, however, and that is because they in traditional channels, which is unusual, with one source of new business stemming from continuing retailer pressure on supplier's warehouse.

"And, of course, they need money to carry that inventory," Sandak said.

Spectrum Financial also has seen business ebb and flow over the course of the year and has found its growth, like most factors, outside the traditional industry.

"We had a very good first five months and then we saw a soft-

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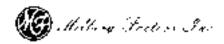
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in such good shape, and so far I'd say we're probably pretty optimistic about the rest of the year. We had a very good show at MAGIC. We don't take a booth; we walk the floors, introduce ourselves and talk with existing and potential clients. It was unusual that people were as receptive to us as they were this year.

Officina said the response was twofold: Manufacturers who have been holding their own paper have become so addled by retail's continuing weakness that they find they must turn to factors. and South American and Asian exporters who require industry expertise and experience.

Of the existing clients who are doing comparatively well, Officina said he has seen some strength in women's sportswear, especially tops, and men's structured appar-el. However, most extant clients, Officing said "are faced with the same problems they've had all along," which include ever-mount ing margin pressure from retailers, which makes inventory re plenishment less profitable, and chargebacks.

"Inventory clearance is a good thing if retailers have finally really cleaned house," said Officina, "Perhaps they will finally be less abusive towards vendors. Firstprice selling doesn't really exist anymore. And while there may be some benefit to vendors from clean inventories, unfortunately retailers have made chargebacks a profit center."

On a more promising note. high above the trenches where the factors toil, one recent major industry report showed renewed signs of life in the credit business. For the month of August, the National Association of Credit Manager's Index improved 40 basis points over the previous 's reading. Even better, the manufacturing sector drove the firms denying credit is abating." In a reversal of trends, the manufacturing index increase offset a 90 basis point decline in the service reading.

Another bit of encouraging

information is that fashion and newness may be coming back, as evidenced by Hilldun Corp., which often courts start-ups for

which often courts start-ups for its portfolio.

"We've been having a very nice year," said secretary, treas-urer and principal Jeffrey Kapelman. "Our volume is up in the range of 10 to 15 percent.

Elder-Beerman on Wright Track greater than its initial offer. **NEW YORK** — The bidding war for

The Elder-Beerman Department Stores Corp. is getting red hot.

The management-aligned buyout group Wright Holdings on Friday upped its offer to acquire EB to \$7.80 a share, or \$100.8 million, plus the assumption of about \$110 million in debt.

That trumped by 55 cents The Bon-Ton Stores Inc.'s Wed-nesday offer of \$7.25, or \$93 million, exclusive of debt.

The battle for Dayton, Ohio-based EB began in June when the regional chain agreed to be acquired by Wright for \$6 a share plus debt assumption. Wright's bid is now 30 percent

EB shares closed at \$7.20, up 1 cent, or 0.1 percent, in Friday trading on the New York Stock

As part of the amended merger agreement with Wright Holdings that encompassed the higher bid, EB said it will also be freer in its ability to negotiate with York, Pa.-based Bon-Ton.

EB also agreed to increase its termination fee to up to \$2.5 million from \$2 million and raised its expense reimbursement fee to up to \$1.5 million from \$1 million should the deal with Wright break up.

— D.B.

44 Unemployment scares the hell out of me, and I don't think the tax abatements are going to have the positive impact on spending that has been touted.77

- Jerry Sandak, Rosenthal & Rosenthal

overall gain with a 140 basis point, or 2.6 percent, increase, which was the first uptick in that sector since April. Sales, new credit applications and dollar collections drove the results, and the study suggested that "the month-to-month proportion of

That's a function of new clients, as well as existing business, but some of our existing clients have probably been a little bit spotty with some having a difficult time finding new opportunities. But the overall trend compared to last year is definitely better.'

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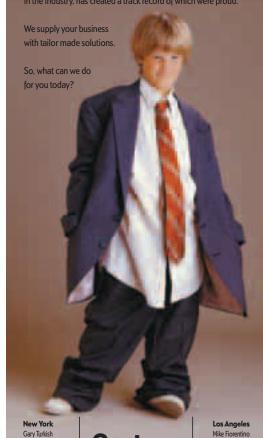
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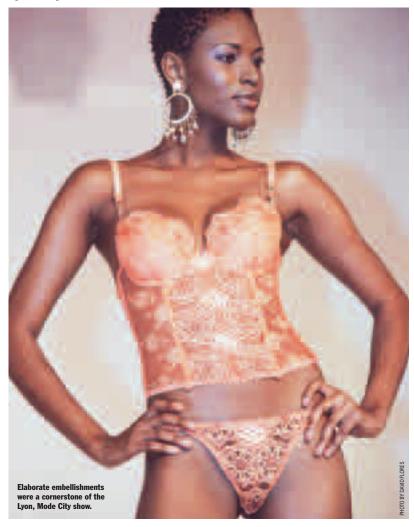
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Lyon Report



Launches Lift Lively Lyon

LYON, France — There appeared to be no boundries to the largesse of the Lyon, Mode City show

With a record turnout of more than 19,950 visitors, the three-day trade fair, which ended here Sept. 8, was laced with a number of nonstop events: elaborate runway shows for lingerie and swimwear under the Fun Attitude and Glamour banners that had a Las Vegas flavor; a bevy of informative merchandising seminars for retailers and designers, including Evolution by Concepts Paris, Bodywear by Carlin International, and a film called "Les Boutiques du Monde" by Champagner Katz, and several trend exhibits such as the Fun Vibrations area, which spotlighted the most directional ideas

and concepts on mannequins for fall-winter 2004-05. This was all topped off by an eclectic mélange of champagne, caviar and fois gras soirées de-signed to keep lingerie buyers amused and stimu-lated after a grueling 12 to 14 hours canvassing the immense 660,000-square-foot EuroExpo Center.

After-hours activities included a boat party hosted by Israeli fibers firm Nilit, a formal dinner by the French lace house Noyon at the four-star Michelin restaurant L'Abbaye de Paul Bocuse, and two events staged by show parent Eurovet: a Fun fashion show of intimates on a bridge overlooking the Rhone or intimates on a bridge overlooking the Rhone River followed by a boat-ride cocktail party, and a gala dinner at Lyon's ornate 17th-century city hall hosted by Mayor Gerard Collombe, and Jehan Quettier, director of the Lyon, Mode City fair. The soirée at city hall was among the most

memorable for a number of retailers including Saks Fifth Avenue, where the dinner by La

Pymaride was accompanied by entertainment from an Elvis impersonator and a troupe of musi-cians, clowns, and jesters dressed in period costumes who juggled silverware, crystal glasses and flaming bottles in the air.

Quettier said this year's edition was particularly important because "we expected a decline with the sluggish economy and the war in Iraq. But the number of retailers attending the show was higher than ever before, and they were enthusiastic and ready to buy."

In all, the number of lingerie brands displayed was up 6 percent, totaling 977. Collombe noted at the Sept. 7 gala that the lingerie show was "among the most important avenues of commerce for the city of Lyon," the second-largest city in France with a population of 6.5 million.

Meanwhile, a renewed vigor permeated the show's ambience, as numerous American retailers from major department and specialty stores were spotted in practically every nook and cranny of the gigantic fair. They included Neiman Marcus, Barney's New York, Bergdorf Goodman, Saks, Victoria's Secret, Marshall Field's and Dillard's Department Stores Many European and Canadian retailers, such as La Sensa, Hunke Moeller, Harvey Nichols, Selfridges, Fenwick, Dunnes, Brown Thomas and Oasis, a young, contemporary apparel chain in England, were also scouring the exhibitor stands.

Anne Caetano, divisional merchandise manager of intimate apparel and hosiery at Saks, said, "What we didn't see was anything contemporary in sleep-wear or foundations. Everything was all updated and grown-up looking. But we did see a lot of big ready-to-wear names that seem to be jumping into the lingerie arena, like Blumarine and Christian









From far left: Engineered lace natterns were abundant; soft daywear looks prevailed: low-rise sets were a top idea; lace-up and multistrap treatments were key.

Lacroix, I loved Lacroix because it was so signature looking and had a balance of bustiers and bras, not like most ready-to-wear people who are are just doing daywear pieces.

The Lyon edition is known as a directional venue for the intimate apparel trade, mainly because the newest ideas in lingerie and swimwear are unveiled and tested for next year's springsummer season, as well as new fabric and fiber innovations for 2004 at the Interfiliere segment. It has long been a working laboratory and launching pad for DuPont Textiles & Interiors, which has been renamed Invista Co., to introduce new programs such as the new Body Care by Lycra campaign of well-being fabrics that moisturize, massage and offer freshness properties to clothing [see story, page 25].

Top trends included:

- A variety of seamless, engineered opaque and sheer motifs ranging from graphics to florals on underwear and daywear:
- Panties and boy-cut briefs featuring an ultra low-rise
- waist treatment.

 Ecru the new neutral in solid or prints, or laced with black, pale blue or pale pink. Browns, from café latté to deep chocolate, was also prevalent.
- A continuation of romantic, Liberty-inspired florals in candy colors.

 • Double and three-tiered
- strap treatments.

 Lots of active-looking items of cotton and Lycra spandex that have a young, contem-porary edge and double as streetwear.
- A smorgasbord of laces, mesh and French net, ranging from classic Chantilly lace and point d'esprit, over a contrast-ing ground, to elaborate, colorful cross-dyed laces and trompe l'oeil embroideries that have a look of lace. Asian-inspired Chinoiserie embroideries and

appliqués continue to evolve. Meanwhile, intimate apparel manufacturers increasingly use Lyon as a platform to launch new products and brands. A key example this year is a spin-off moderate brand from the Warner's division at The Warnaco Group called Young Attitude. The line of fashion bras and coordinating panties has a contemporary look and is aimed at younger consumers who are full-busted. Bra sizes

go up to a G cup.

"Young Attitude has been the hit of the show for us and we plan to introduce it in the Continued on page 24



Lyon Report



Lyon's Big Turnout and Trends

International: 10,403, up 6.30 percent.

France: 9,551, up 9.60 percent.

European Union: 5,862, up 6.7 percent.

Far East: 1,480, up 5.4 percent. Western Europe: 1,407, up 9.5 percent.

North and South America: 917, up 6.3 percent.

North Africa: 249, up 22 percent.

Mideast: 361, down 7 percent.

Continued from page 23 U.S. next spring," said Tom Wyatt, president of Warnaco's Intimate Apparel Division. He added that the line, which was launched in England for fall selling, has been well re-

Jim Noble, senior vice president and general manager of the Jockey brand at Jockey International, said he was "impressed" with the show.

"There was a tremendous amount of seamless product, even in men's [underwear]," said Noble. "There's a lot going on in technology behind the scenes such as Tefron. There's also a ton of laces and embroideries that are being done in many different ways than in the past."

Josie Natori, chief executive officer of Natori Co., who was at the fair to buy fabrics, said, "There were far more Asian resources at the show, which was really interesting to see. We bought from a number of Asian resources, as well as a composition of the state o

well as some European companies."

"This has been an extremely strong show for us," said Sergio Oxman, president of Miami-based Cosabella, a daywear and sleepwear concern. "You know it's a good show when you don't see that many people walking because they're in the booths writing orders. This has been the first show where all of our reps came in from all over Europe. It's been terrific."

Oxman said top-booking ideas included novelty tulle and plissé treatments, color blocking and a crinkle lace that has an Art Deco look in a range of ice cream pales.

In the Expression Dessous area dedicated to entrepreneurial firms, Don Yang, president of Viamode, said, "All of the major stores have come in and we opened six new accounts with stores from Italy, Germany, Spain, and Brazil. France may be a small country, but there's a lot of lingerie business to be had here.

Gabrielle Ross, designer and owner of London-based Beau Bra, said, "The Expression Dessous has become extremely important. It's now more of a focal point and a destination site. I opened eight new accounts with stores from Japan, Russia and South Korea, as well as France."

Regarding business conducted with Mideast accounts,

which typically attend the Lyon fair, Steve Chernoff, ceo of

Rago, a shapewear specialist that has exhibited in Lyon over five years, said, "This has been the best show for me yet. All of my Mideast accounts came in

and they're buying as usual." Richard Gimble, ceo of Va Bien, a maker of upscale shapers, agreed and said: "The show was very well attended and we saw more people than we've ever seen before, including accounts from the Mideast. Our new accounts vary from Finland, Denmark and Taiwan to Italy, the U.K and New Zealand."

Gimble said his number-one booking group is La Belle Fatale, a sleek, updated group of control bustiers, all-in-one

shapers and bottoms of nylon and Lycra. But Marvin Backer, a consultant for Flora Nikrooz Lingerie, a unit of The Age Group, said he was "very displeased" with the Lyon show, citing "Mideast politics" as meddling in the coarse of business.
"I've been doing this show for over

12 years, and have a very strong following in the Mideast in countries such as Saudi Arabia, the United Arab Emirates and Lebanon," said Backer. "But all of those accounts, excluding Kuwait, have refused to buy my products at this year's show. One retailer even told me, 'American product? No more.' Another told me, 'You have to get rid of Bush and Sharon.' I also feel there's an undercurrent of anti-Semitism and I'm very upset.

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Invista Unveils Body Care by Lycra

LYON, France — Invista Co., formerly known as DuPont Textiles & Interiors, unveiled its Body Care by Lycra campaign at the Lyon, Mode City trade fair.

The concept of fabrics that promote well-being was illustrated at an informal fashion show at the massive Lycra and Tactel booth, where models wore concept lingerie pieces created by Italian hosiery designer Emilio Cavallini and machine-maker Santoni that depicted Body Care by Lycra's three applications: freshness, moisturizing and massage. The show was staged by Iris LeBron, Invista's fashion director of intimates, swimwear and activewear.

At the presentation, which featured Body Care by Lycra banners with a tag line reading "Invista Built on DuPont Innovation," Bill Ghitis, president of global apparel, described the newly named company and it's direction as "definitely not the same old, same old.

It's a liberated enterprise focused on the future."
Ghitis said the Body Care by Lycra platform represents the "convergence of textile science with skin care and aromatherapy that fits into the well-being sector. Body by Lycra draws heavily on textile science and fiber heritage. It goes beyond the old business model."

Meg Burich, Invista's new business development director of apparel, said the concept, which is aimed at men and women whose priorities are comfort and well-being, as well as aesthetics, said the well-being sector, which includes skin care, has the potential of



becoming a booming \$19 billion business this decade. According to the National Spa Association, the number of spas opening is increasing over 20 percent a year, she said.

"Baby boomers will do anything they can to prevent

growing old and remaining young. They'll pay a premi-um for well-being products, with \$20 the average sale in the U.S." said Burich. "That potential is big enough to make an investment worthwhile."

Ghitis noted that Invista will be investing \$2 million annually for research and development

- Karyn Monget



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Accessories Report

Fortunoff Crafts a Jewel in White Plains



Bv Melanie Kletter

NEW YORK — Fortunoff is putting the final touches on its first new full-line store in 15 years, scheduled to open Wednesday in a 265,000-square-foot complex on Maple Avenue in White Plains.

The complex, called Fortunoff: The Source at White Plains, is located across the street from the Westchester Mall and occupies a site formerly held 128,000-square-foot Saks Fifth Avenue store that was razed to construct the new building.

This is our most ambitious project yet, as we have never demolished a building and built one from scratch," said Louis Fortunoff, executive vice president of Fortunoff and a principal in the company. "We have been interested in the Westchester market for 20 years and we feel we have a lot of potential in this area.

In addition to the Fortunoff store, which occupies 185,000 square feet, the building also has three restaurant tenants: The Cheesecake Factory opened last week, and Whole Foods Market and Morton's Steakhouse are slated to open in the spring. The entire project cost about \$92 million, said Fortunoff.



The Westchester store isn't the largest unit for the \$400 million jewelry, furniture and houseware retailer, but its expected to be among its most successful, with estimated annual sales of about \$80 million. according to company projec tions. The complex is expected to employ close to 1,000 people and is considered a big boon to the economic development of

White Plain's downtown area. Louis Fortunoff said the White Plains unit is part of a strategy to build up the regional

chain in the Northeast. "We are looking to step up our expansion plans, and while we don't have any specific plans, we are looking at areas such as Suffolk [County in New York],



Central or Southern Jersey and King of Prussia in Pennsylvania," he said.

The Fortunoff business was started in 1922 in Brooklyn by Max and Clara Fortunoff, who opened a small store on Livonia Avenue selling housewares, and the company is still run by members of the Fortunoff family. The firm now has five other full-line stores as well as a clearance center, a backyard store and two small shops for watches and baby gifts, and it also sells its products online at fortunoff.com.

The three-floor department store in White Plains heralds a new design concept that has an open and airy feel, with wide walkways and plenty of space between departments.

"It's more departmentalized and very brand centered," said Arlene Putterman, director of sales promotion and public reladuring a tour of the new facility. The fixtures have been lowered so its easy to navigate the space, and signage has been

enlarged and improved, she noted.

The unit carries the full range of Fortunoff offerings, including furniture, china, crys tal, housewares, small appli-ances, luggage, a Christmas shop, a lighting area, an art gallery and a 10,000-square-foot watch and jewelry department. There are more in-store home shops in this location, including ones from Lladro and Christofle, and brands including Donna Karan, Calvin Klein, Frette and Yves Delorme are among the offerings in linen and bedding.

A number of new technolo-gies have been incorporated into the store, such as a wireless scanning system bridal registry that allows registers to see immediately if something has been discontinued.

The jewelry department, located on the store's first floor, includes a wide array of products ranging in price from \$40 for small silver earrings up to \$40,000 for some large diamond pieces.
"We are still focused on

everyday value, but we are putting our best foot forward here," said Ruth Fortunoff, another principal in the company, as she

toured the jewelry department.

The department has special lighting that is tracked directly above the cases, allowing for better viewing, she noted.

Most of the jewelry the com-

pany sells is unbranded and sourced by Fortunoff, although there are a few designer names such as Erica Courtney, Nanis, Carolee, Lois Hill and Judith Jack. There is also an antique and estate jewelry department, as well as two private salons for diamond engagement rings, a service department and areas for men's and baby jewelry.

The watch area includes

some 35 brands, including Tag Heuer, Baume & Mercier, Citizen, Omega, Raymond Weil and Brietling.

The company paid \$13 million for the site in 2001, and the project took about two years to complete.



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FINDINGS

LULU'S SUN RISES: English accessories firm Lulu Guinness unveiled its first collection of sunglasses last week manufactured under



license with Lake Success, N.Y.-based Tura LP.

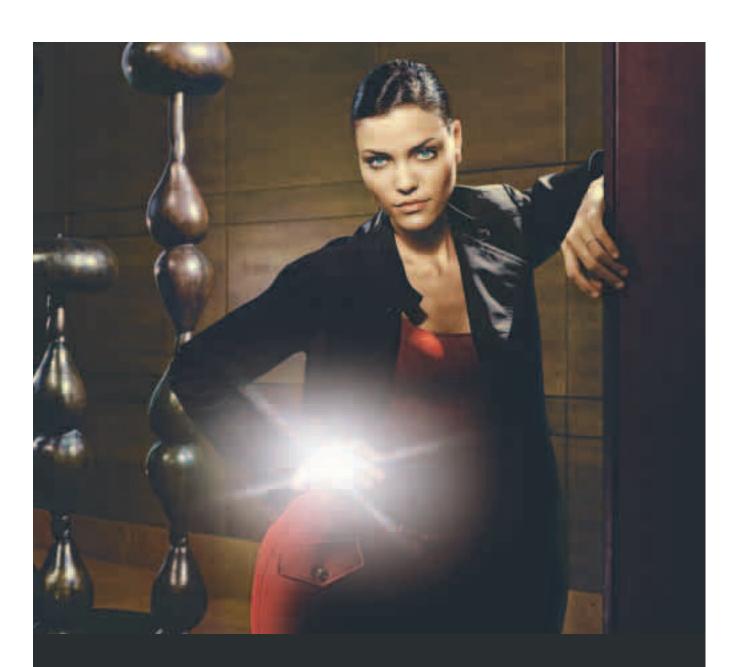
The line's 11 plastic and metal frames are as whimsical as the company's handbags, with looks including cat's-eye shapes with polkadots, cherry- blossom metal embellishments or laser-engraved stars. The Londonbased designer behind the firm that bears her name is known to love anything vintage, so each frame is named for a Hollywood star from a bygone era, such as Marlene [Dietrich], Rita [Hayworth] and Greta [Garbo]. "Be a Glamour Girl," one of Guinness' signature mantras, is engraved on the inside of each temple.

Each frame comes in a striped purple Lulu Guinness clutch or roll case. that has a mirror zipper pull and a little mirror that can be stashed into a

"We felt that her vintage sense of style just wasn't executed anywhere else in the market," said Michael Schultz, chief executive officer for Lulu

Sales projections for the line are "in excess of \$2 million," said Keith M. Kamalich, Eastern national sales manager at Tura, which also manufactures the licensed Escada eyewear and sunglass collections.

Retail prices range from \$175 to \$195, and the line is scheduled to launch in department stores and Lulu Guinness boutiques in late fall





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Party Central

NEW YORK — The line snaked around the block as invited guests waited patiently to help Brooks Brothers celebrate its 185th anniversary last week.

Of course, it didn't hurt that NBC's Katie Couric was co-host of the event, along with Brooks owner Claudio Del Vecchio. The celebration benefited the Entertainment Industry Foundation's National Colorectal Cancer Research Alliance, a cause championed by Couric, whose husband, Jay Monahan, died of the disease.

It even drew New York City Mayor Michael Bloomberg, who proclaimed it Brooks Brothers Day in the city.

Brooks created a special tie and scarf for the event, with 20 percent of the proceeds earmarked for the charity. Couric dressed up a man-tailored blue pinstriped antisuit by using the tie as a belt.

a man-tailored blue pinstriped pantsuit by using the tie as a belt. Jazz great Wynton Marsalis performed at the party, and the store transformed its selling floors into distinct dining experiences with specialties from six restaurants — Aureole, Michael Jordan's, Blue Smoke, 21, Nathan's and Noche — offered to the 1,800 guests. While munching

on hot dogs, spare ribs or white chocolate mousse, partygoers viewed the historic installations on each floor, which were designed to bring to life the retailer's newly published historic entry Congressions of Style

epic: Generations of Style.
Addressing the crowd, Del
Vecchio sang the praises of "an
American institution that would
come to define the classic
American style of dress."
Privately, he said the party was
really for the employees of
Brooks Brothers. "Look at their
faces and how proud they are.
This is their day. Nothing else is
important; it's just marketing."

— Jean E. Palmieri



Warnaco Said To Be Naming Rutkowski CFO

NEW YORK — Sources say The Warnaco Group Inc. has found its new chief financial officer.

The company is expected to disclose, possibly today, that it has hired Lawrence Rutkowski as senior vice president and chief financial officer.
Rutkowski most recently was

Rutkowski most recently was executive vice president and cfo f Primedia, the troubled media firm that has been selling off assets to reduce its debt, putting New York magazine on the block just last week, as reported.

just last week, as reported.
Rutkowski followed former
Primedia chief executive Tom
Rogers over from NBC in 1999.
At NBC, Rutkowski was senior
vice president and cfo, business
development and strategic planning, of General Electric's NBC
subsidiary. Earlier in his career,
he'd held finance positions with
Walt Disney Studios, McDonnell
Douglas and NCR Corp.

Rutkowski would succeed Jim Fogarty, who is expected to return to his duties as managing director at Alvarez & Marsal, the firm that managed Warnaco through its bankruptcy period. Antonio Alvarez, head of A&M, served as chief executive of Warnaco prior to the appointment of Joe Gromek to the post in April.

Warnaco emerged from bankruptcy in February and recently has been focused on building its brands, including Calvin Klein underwear and jeanswear, cleaning up its balance sheet and, through increased use of nondomestic manufacturing and other means, controlling its expenses.

For the first six months ended July 5, the Nasdaq-traded firm had net income of \$14.2 million on sales of \$662.2 million.



New York, NY - Ask anyone with farent and a dream. One of the sweetest pass that come with loady's larger life expectancy is having the time to change careers, seek new adventures, and pursue long-held decome.

For Barbara "Rea" Harris, who will present that first women's apparell collection on September 1.6, 2003 - during the divine machies that is "New York Fashion Villes". The number three is definitely a charm. At age 66, this African-American dynamic, hos launched healef into an exciting new world: her first coreer - and the one she dways wanted.

I should have gone to Pasons in the fiel place," she laught. "I begged my parents that I ended up getting sheeted into what they liet was a more practical direction i university education. My first love, fashion design, became a distant defende. Now I'm making up for lost firms."

And Indeed she is After having enjoyed two successful careers - flat in the narprofit sector, then as a human resources executive for several international companies - Barbara decided if was time to finally do what the loves. Her elegant, evaporately detailed creations, gested to the professional woman, prove that the is now joyoutly in the element.

The Multi by Blee showing will take place from Yours to 4:00 p.m. at Sourcea Restaurant, in the Hotel Climite, 365-Pas Avenue South Lat E. 26.51.1 New York City, and sleps away from the Armony.

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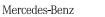


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The New Hork Times

Tharani Firm **Signs Deal for Halston Jeans**

By Scott Malone

NEW YORK — In a move intended to bring the Halston brand name to the mainstream, the designer company has signed a licensing deal with a new firm owned by Haresh Tharani, the chairman of Bill Blass Ltd., for most categories of women's sportswear

The new firm, Teekay LLC, plans to roll out Halston Jeans, its first line under the

deal, for spring retailing.
"We're going to bring
Halston to the American
woman and the American male at a price point they can afford," said Halston LLC chief executive officer James J. Ammeen, in a Friday interview. He added that the line would include a wide range of sizes, intended to reflect the shape of the typical American. "We'll bring

women who are in plus sizes and maybe don't get a chance at a high profile sta-tus brand," he added.

In a separate interview, Tharani described the launch of Halston Jeans as only the first step in a broader campaign.

What we have is the master license, covering most of women's apparel. The jeans are certainly our first launching pad of the Halston ladies' lifestyle," he said. "Our next push is going to be ladies' activewear and yogawear. That will probably be the next launch, for fall 2004."

Ammeen added that he wanted denim to be the brand's first extension be-cause "it's one of the largest product categories that there is." He added that the agreement allows Tharani's firm "to do some sublicensing."

Bradley Bayou, Halston creative director, said in a statement, "I strongly believe that all women should be able to wear clothing with great style, clothing that is accessible, affordable and fits beautifully."

Halston Jeans will be targeted at the better contemporary market segment, and the line will include woven tops and bottoms, as well as knitwear, in addition to jeans. The company plans to sell it through department and spe cialty stores.

In terms of the volume po-tential, Ammeen said, "This is going to be a significant business," adding that he expected sales to be "north of \$10 million at cost the first year."

In a statement, Halston LLC said it also plans to expand into categories outside of women's sportswear, either producing them in-house or seeking out other licensees.

Tharani had been a key Bill Blass licensee, producing the Bill Blass Jeanswear line, prior to buying the de signer's company, along with ceo Michael Groveman.

Report Says Spiegel Delayed Filing to Protect Biz

By Vicki M. Young

NEW YORK - It was the credit card business that paved the way for Spiegel's credit crunch, but it was fear that led to the company's decision to hide for more than eight months an auditor's report warning about the company's ability to "continue as a going concern," according to an new regulatory filing.

Last March Spiegel partially settled a civil lawsuit filed by the Securities and Exchange Commission, charging it with failure to make public in 2002 an outside auditor's concerns about the Downers Grove, Ill.-based firm's financial condition. Spiegel did not admit or deny the allegations. As part of the set-tlement, Stephen Crimmins, an attorney at the law firm of Pepper Hamilton and a former SEC enforcement attorney, was named examiner to review the retailer's records from as far back as Jan. 1, 2000. His report was filed with the SEC on Friday.

Spiegel said in a separate SEC filing that it "remains committed to cooperating fully with the SEC in its investigation of the company's compliance with federal securities laws." The re-tailer added that it is "not com-menting on the investigation or the content of the independent examiner's report."

Among Crimmins' findings

was that Spiegel decided to

delay filing its 2001 annual report because of fear of what the impact would have on its suppli-ers, investors and employees.

Spiegel's last filing was a 2001 third-quarter report in November 2001, until the prospect of an SEC enforcement action led to belated filings starting in February 2003.

Crimmins also determined that Spiegel by 1999 had "embarked" on a program of "easy credit to pump up sales." In short, Spiegel tilted its portfolio of credit card customers in favor of high-risk subprime borrowers These were accounts that most often could not get credit elsewhere, but were counted on to use the private label credit cards to shop at Spiegel's three venues: Spiegel, Eddie Bauer

and Newport News.
In addition, FCNB, the bank that Spiegel acquired to service the credit card accounts, exacerbated Spiegel's credit problems, according to Crimmins While Spiegel was engaged in a "net-down" of the quality of its private label card carrying customers, FCNB temporarily eliminated a process called "backinated a process called "back-end screening," which would have provided a second credit check of preapproved cus-tomers to determine whether those accounts still qualified for credit. FCNB was ordered to shut down by the federal government and is liquidating.

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Trade Talks Fall Apart in Cancún

Continued from page 2 were in Seattle. The negotiations will go on."

U.S. Trade Representative Robert Zoellick said at a news conference Sunday night, "Some countries spent too much time being inflexible and making inflammatory remarks. As a result, everyone walked away empty handed," he said, referring to the countries that broke off the talks.

Zoellick, looking exhausted and disappointed, noted a number of developing countries were trying to move forward on agriculture but were stopped short by the other issues. "The final break today was the Singapore issues, but the seeds were planted much earlier," he said.

Asked what the collapse meant for the future of the Doha Round and fate of the World Trade Organization, Zoellick said: "It is hard for me to believe we are in a position now to finish on time."

"The cold hard reality is...countries will go home with nothing," Zoellick said.

Developing countries fought a bruising battle with developed countries over the past five days, and in the end it was talks on new and divisive issues such as government procurement, trade facilitation, cross-border investment and competition that brought the Doha Bound to its knees.

Trade ministers were unable to overcome differences on this group of topics known as the "Singapore issues" before they could even get to the equally di-

visive issue of agriculture.
"Developing countries refused to cede ground on the Singapore issues and the European Union and U.S. refused to cede ground on agriculture," Odour said. "Developing countries feel that every time they come to a ministerial they get a check and when they go to cash the check, it bounces."
Odour's words were echoed

Odour's words were echoed by Yashpal Tandon, a member of the Ugandan delegation.

"It's a deadlock," said Tandon. "Uganda, Kenya, Gambia, Zimbabwe, Botswana and the group of Caribbean countries and all of the least developed countries agree." It is unclear whether the 148 member states of the WTO will resume the talks aimed at opening global markets to trade in Geneva at another time.

"Today we stalled because of the Singapore issues, but the larger lesson of Cancún is that useful compromise among 148 countries requires a serious willingness to focus on work — not rhetoric — to attain the fine balance between ambition and flexibility," said Zoellick.

The talks were deadlocked

The talks were deadlocked all day Sunday as WTO trade delegates refused to make painful concessions to save the new global trade accord from imploding here.

The tension in the convention center was as palpable as the humid, tropical air flowing outside this host city dotted with joint proposal offered by the U.S. and European Union. Farmers in poor countries claim they cannot compete with the multimillion dollar subsidies in developed countries such as the U.S., which depress global cotton prices.

Tens of thousands of farmers and antiglobalization protesters rallied around the issue and took to the streets of Cancún, where one South Korean farmer fatally stabbed himself to protest WTO policies.

Indian and Brazilian ministers spoke out Saturday night on the draft, claiming it did not provide enough in the way of subsidy cuts.

The U.S. and European

The U.S. and European Union were also unhappy with the draft although the top negotiators said they were committed "like everybody else, has significant problems with the text." She refused to discuss the problem areas. "There have been a lot of demands and harsh rhetoric," she said. "We must all take seriously what is at stake here. It is the world's most vulnerable economies that will be hurt the most if we leave empty handed."

European Trade Commissioner Pascal Lamy said the draft was an "acceptable" basis for further discussion, although he noted the EU has "big problems, medium problems and small problems" with the text. Lamy said the draft is too vague, lacks ambition and has serious loopholes in several key areas, including agriculture subsidies, the cotton initiative that became a lightning rod in Cancún and industrial tariffs, among other issues. "But it is an acceptable basis for constructive discussion," Lamy said.

Despite the criticism, the trade ministers hunkered down Sunday hoping to find common ground that never came before the meeting ended.

In the meantime, one U.S. textile representative said he was overioved the talks collapsed.

overjoyed the talks collapsed.
"The talks collapsed because they went past the point where our government would go," said Jock Nash, Washington counsel for Milliken & Co. "Even though the U.S. did not walk away, certain other countries were not negotiating on anything. The WTO is an inadequate model for trade. It presupposes a one-size-fits-all and objustly it does not."

and obviously it does not."
Retail, textile, and apparel importer groups were all concerned about the draft declaration which is now in limbs

tion, which is now in limbo.

"This is becoming a development charity round and not a market access round," said Nash. "It reaffirms our beliefs that this [round of global talks] will prevent us from getting the damn access we need to India, China and any other country." Nash and Augustine Tantillo, Washington coordinator of the American Manufacturing Trade Action Coalition, said Sunday they were concerned about the areas in the draft dealing with developing and least developed

countries. According to their interpretation of the text, developing countries will have too many loopholes and will also be excluded up to a certain percentage, from cutting their own tariffs on products, including apparel and textiles. The premise of the Doha round is based on helping developing countries, and all sides knew going into Cancún that "special and differential" treatment would be given to the poor countries.

But some didn't expect big

loopholes. Amir Khosru M. Chowdhury, minister of Commerce of Bangladesh, who is leading a group of LDCs in Cancún, said least developed countries are seeking immediate duty-free and quota-free access to the developed world in terms of agricultural and manufactured goods. Bangladesh, a major apparel supplier to the U.S., could be devastated by the removal of quotas at the end of 2004, when China is expected to annihilate foreign suppliers that do not have vertical infrastructures. "There is no other way to increase our market share unless duty-free access is given," said Chowdhury. "It is the only way we can come out of this vicious circle where we have gone from having 3 percent of the market in global trade to a 0.4 percent share," he said.
U.S. trade officials have

U.S. trade officials have maintained they will not give duty-free access to Bangladesh or any other country without some reciprocity. "The U.S. continues to insist on reciprocal market access," said a U.S. trade official involved in the industrial tariff negotiations here, who spoke on condition of anonymity. "We insist that all major producers agree to reciprocity. They have to give us the market access we are willing to give them." But how much reciprocity the U.S. is demanding from other countries is still unclear. Tantillo said one provision in the draft will allow countries like China, India and Pakistan to shelter some of its tariffs, at its own discretion, from formulaic cuts. "That could hurt President Bush in his reelection efforts next year," said Nash.

44The cold hard reality is...countries will go home with nothing.**77**

— USTR Robert Zoellick

upscale hotels and white sand beaches stretching from one end of the peninsula to the other. Delegates from around the world faced intense arm-twisting Sunday as they continued to try to bridge a gap over vast differences on opening markets to foreign trade in agriculture and industrial products.

Mexican Foreign Secretary

Mexican Foreign Secretary Luis Ernesto Derbez, conference chairman, issued a compromise draft document Saturday afternoon but it fell with a big, resounding thud in every corner of the world. All countries have found something to complain about in the draft, but developing countries were complaining the loudest, claiming rich countries have not gone far enough towards eliminating export subsidies on agricultural exports.

Agricultural issues, including a clash over cotton subsidies, also broke the back of the entire round of negotiations.

A group of developing countries known as the "Group of 21" and led by Brazil and India, called for more radical agricultural cuts in subsidies than the

to moving the process forward with the aim of forging a global treaty by the end of next year

treaty by the end of next year.

The credibility of the WTO was on the line in Cancún, which was the halfway point in the Doha round of global trade talks launched in November 2001. The entire Doha Round is in jeopardy now.

The divergences kept the 148 WTO member states from launching skeletal blueprints for eliminating subsidies and tariffs on agricultural products and reducing and eliminating tariffs on industrial products such as textiles and apparel.

such as textiles and apparel.

The draft declaration also drew fire from most corners of the U.S. textile, retail and apparel import world for vastly different reasons. A new global treaty would have determined how and where U.S. apparel and textile makers, as well as retailers, will operate around the globe for decades.

Josette Shiner, deputy U.S. Trade Representative, said Sunday morning the U.S. was ready to negotiate from the draft text but noted the U.S.

Producer Prices See Little Movement

By Joanna Ramey

WASHINGTON — Domestic producers of women's apparel in August continued to see prices virtually stand still, as retailers continued to trim their inventories and emphasize low prices.

The Labor Department reported Friday that wholesale prices for U.S.-made women's wear in August edged up a faint 0.1 percent against July. Compared with August 2002, wholesale prices for women's apparel were unchanged.

Wholesale prices for all apparel in August were unchanged for the month and posted a 0.3 percent decline from year-ago levels. Producer prices for girls', children's and infants' apparel increased 0.5 percent for the

month and were up 1 percent over the year.

For all finished goods, producers during August edged up prices 0.4 percent for the month and gained 3.4 percent from August 2002. Wholesale prices are one measure of inflation, which continues to show little power in the current slack economy.

U.S. textile mills in August edged up wholesale prices by 0.3 percent. Compared with a year ago, mill prices grew last month at a tepid 0.2 percent.

For the month, gray fabric prices at the wholesale level fell 0.5 percent in August and compared with 12 months before were off 1.8 percent. However, finished fabric prices in August were up 0.7 percent for the month and rose 0.6 percent over the year:

Among the women's apparel categories tracked by the government with notable price swings in August were sweaters and jackets, which were unchanged against July but declined 9.4 percent from August 2002.

Dress prices declined 0.1 per-

Dress prices declined 0.1 percent in August against July and were off 1.9 percent from year-ago levels. Suit prices were unchanged for the month and fell 1.7 percent over the year. Slacks and jeans prices also were unchanged for the month and dropped 2.3 percent from August 2003.

Wholesale prices for knit outerwear sport shirts edged up 0.7 percent in August against July, but were off 4.3 percent over the 12 months. Bra prices fell 1 percent for the month and declined 0.9 percent from August 2002.

EUROPE WATCH

HEAD ON: Spain's fast-fashion giant, Zara, is meeting H&M on its home turf. Last week, Zara opened its first Swedish store — a two-level location with 17,200 square feet of floor space — on Hamngatan Street, a major shopping thoroughfare in central Stockholm. "Our store is very close to H&M and several H&M units, but we don't consider [the Swedish retailer] a rival. For us, it's just another company," said a spokeswoman at Zara's La Coruña-based headquarters. "[The competition] will just make us work harder, and it's the client that will get the best results." She reported large queues on opening days, which she called "gratifying." At the same time, Zara rolled out a new store in Ljubljana, Slovenia. With the current

ever-expanding global roster of stores totals 1,700 in 47 countries.

— Rarhara Barkei

AT A LOSS: Debt-laden Cerruti parent Fin.part saw its first-half net loss widen to \$39 million, or 34.8 million euros in local currency, from \$29 million, or 25.8 million euros, the year before. Sales for the six months ended June 30 dropped 9.4 percent to \$230 million, or 205.1 million euros. Fin.part has been selling off assets, including the Maska brand and the Boggi retail chain, to reduce the debt pile it amassed from a buying spree. Fin.part said its net debt as of June 30 stood at \$398.3 million compared with \$571.6 million as of the same date last year. Elsewhere, Fin.part's board approved plans for a capital increase of up to \$78.5 million. The company also noted that sales trends for fall are promising for its "core" businesses of Cerruti, Frette and sportswear unit Pepper.

— Amanda Kaiser

The Source to Join Hip-Hop Offerings

By Valerie Seckler

NEW YORK — Does the world need another brand of hip-hop apparel?

Put that question to David Mays, chief executive officer and co-founder of The Source Enterprises Inc., and the word up is a resounding yes. That is, if the styles are coming from a group that's an integral part of hip-hop culture. Naturally, Mays said The Source fits that bill.

Ints that bill.

Indeed, The Source, a 15-year-old title that tags itself as "The Magazine of Hip-Hop Music, Culture and Politics," is banking on what it believes is its aura of authenticity among hiphon youths. hop youths — and the relatively high price of many hip-hop lines currently on offer — to make a success of The Source apparel for juniors, young men and children

The fashion launch, planned for next spring, is aimed at midtier department and specialty stores, such as J.C. Penney, Sears, Mervyn's and Modells, with retail prices ranging from \$20 for tops to \$65 for sweatsuits. The idea is to undercut the raft of existing hip-hop labels, like Sean Jean, Phat Farm, Eve's Fetish and Eminem's upcoming Shady and sell The Source apparel in more moderately priced stores than the labels that have preceded it.

The apparel collection, sourced in China, comprises casual sportswear, activewear, loungewear, underwear, outerwear, accessories and hats

The magazine's brand extension into hip-hop fashion is just one of the planks of The Source's platform to build a media-based entertainment and merchandise empire on a business model similar to the one that once was so successful for Martha Stewart. Also in the offing, Mays revealed Friday, are:

- A range of The Source DVDs, slated to bow in November.
- The expansion of a group of 40 radio stations currently carrying content from The Source to between 100 and 200 stations, during the next six-tonine months.
- The development of partnerships between cable TV channels and The Source whereby the TV channels carry daily and weekly programming provided by the magazine.

Also bringing exposure to the media brand's franchise is "The Source Hip-Hop Music Awards," scheduled to be taped Oct. 13 in South Beach and to air Nov. 11 at 8:00 p.m. on BET.

The Source does intend to stray

from its proletarian premise, however. It has plans to offer a group of items, like T-shirts and hoodies, billed as Source Authentics, with retail tags of about \$250. Those items will include an Authentic Record Label series that pays homage to some of the genre's early successes, such as the Sugar Hill Gang and Run DMC, and a Fallen Legend series that features those who have passed on, like Jam Master Jay and Notorious BIG. Information about the careers of these artists will be carried on the apparel's hang tags



The Source sweatsuit, in red, black and white

Unexpected Drop Hits Retail Sales

By Joanna Ramey

WASHINGTON — Retail sales at clothing and accessory stores fell an unexpected 1.4 percent in August on a seasonally adjusted basis, reversing the 1.2 percent gain seen in July,

the Commerce Department reported Friday.

The drop in apparel sales in August against July doesn't reflect the rather robust sales reports posted by most apparel chains Sept. 4. The discrepancy lead Deloitte and Touche chief economist Carl Steidtmann to conclude the government will revise the preliminary data by next month's retail sales release.

"Consumers have got a tremendous amount of cash from refinancing and the [federal] tax cut and retailers are sitting on relatively lean inventories, so you've got the best of both worlds from a retail operator's point of view," Steidtmann said.

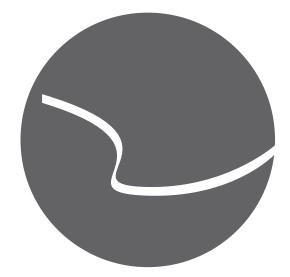
In addition, compared with August 2002. sales at apparel and accessory stores last month were up a strong 4 percent. Apparel and accessory stores was one of two retail categories with sales declining for the month The other category, building materials and garden equipment, had a 0.2 percent drop.
Other retailers, however, ranging from

grocery stores to car dealers, saw the pace of retail sales in August slow. Overall retail sales last month posted a 0.6 percent monthly increase, compared with a 1.3 percent

Meanwhile, department stores in August increased 0.4 percent against July, but were down 1.6 percent from August 2002. General merchandise sales, including mass retailers, were up 1.1 percent for the month and climbed 6.1 percent from year-ago levels.

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ACCOUNT Executive is looking for an individual with excellent computer skills. Responsibilities include working on Wal-Mart spreadsheets and quotes. Must be detail oriented and good with numbers.

Fax resume to 212-239-2766

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Well est'd Co. is looking for A/P Boo keeper with 2 yrs. experience. Knov edge of real world and all phases A/P. Please fax resume, attn. Isaac @ (212) 685-6627

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Assistant Spec Tech

Childrenswear Company seeks Spec Tech experienced in fitting, specs, comments for Girls and Boys division. Should have working knowledge of overseas factories and grading. Must have knowledge of Outlook and Excel. Fax resume to 212-239-2766

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Evandale, the licensing division of J.W.E., seeks an experienced and detail- oriented individual. Responsible for production packages, art trafficking from original design through final approval. Great working environment!

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Fast paced ladies Sportswear Co. seeks creative individual with 4+ years exp. Photoshop/Adobe/Illustrator knowledge. Exp. with sample room, fabrics & prints helpful. flat sketching a must. Team player, great benefits.

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Seeking CAD Artist for Textile Co. Must have full knowledge of Ned Graphics Printing Studio. Sophis Harmony Christop Studio. Sophis Harmony Christop Seeking Studio. Sophis Harmony Christop Seeking S

Help Wanted

CAD DESIGNER

Established men's main floor tops manufacturer trading in all fehanels of distribution seeks talented Cad Designer. Must be proficient in and have knowledge of all aspects of Primavision Software (woven, knits, prints). Pleasant work environment. Fax resume to: Attn. A. Needleman 212-4864-4330

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Design Associate to \$ Junior embellished tshirts. Ethnic/Vintage Jennifer *Just Mgmt* 800-544-5878 jennifer@justmgt.com

Childrenswear Designer Lallytogs, a growing childrenswear manufacturer in business for over 40 yrs. seeks a boy's designer w/min 2 years experience w/Boy's Urban wear 44 7 & 8-20. Strong denim skills reqd. Bachelors Degree in fashion a must. Illustrator/Photoshop experience reqd. Great work environment. Please Fax or E-mail resume to: 212-502-2091 jonathan litmane/follytogs.com

Designer \$100-150K. Current exp. in vomens popular priced outerwea equired. 7th Ave & 37th St. Head dept Call 973-564-9236 Jaral Fashion Agcy

Designer \$75-85K. Current exp. in boys 4-18 cut & sewn tops. Men's tops 4-18 cut & sewn tops. Men's tops experience ok. Large commodity company. Call 973-564-9236 Jaral Agcy

Designer SWEATER PRO

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Designer to \$75K. Current exp. in womens popular priced cut & sewn knit tops and bottoms. MAC or PC OK. 350 5th Ave.. Call 973-564-9236 Agcy

Designer to \$90K. Current exp in girls 4-16 woven sportswear mostly non-denim cargo pants, twill, extreme pants. Import product devel, exp. req'd. 1411 B'wayCall 973-564-9236 Agcy

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Established mens co. seeks asst. in creating lines for different categories-mens, the moderwear, loungewear, mens, the moderwear compared to the compared to t

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Help Wanted

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Merchandising Manager Women's Accessories

This position, based in our NYC Design Headquarters, will support the Director in managing the product merchandising responsibilities across all distribution channels to achieve revenue growth and profitability goals. Areas of focus include: product line planning, merchandising and product forecasting. This qualified candidate will have a four year degree and at least four years of direct experience in a merchandising planning function. Knowledge of accessories and retail industry is required. Applicants should also have strong analytical and quantitative skills, systems knowledge (Microsoft office), negotiation and communications skills. Knowledge of the product development process is helpful.

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Ideal candidate will be a creative for the control of the

Position includes competitive benefits such as Medical, Dental, Life Insurance, Tuition Reimbursement, Profit Sharing and 401(k)

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ASSISTANT DESIGNER

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Leading manufacturer of kidsymiors gift & novelties seeks graphic designer with experience in licenses such as Disney, Nickelodeon, Cartoon Network, etc. 2 years experience with Illustrator and PhotoShop a must. Fax resume to 212-643-0664.

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Ability to source raw materials with overseas

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PRODUCTION

tion Coordinator with minimum two years experience. Responsibilities include approvals of fabric quality, lab dips, artwork and accessories. Will also track approval submits to retailers and maintain retail guidelines. Must be detail oriented and have good communication and computer skills.

Current exp. in women's woven shirts; sportswear. from inception to comple-tion. Strong Knowledge of quota cate-gories. Air, shipping, Pre-ticketing. Exp liaison w/ India, Bangladesh or Sri Lanka req'd. Call 973-564-9236 Agcy

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with designer on specs and fits also action pattern maker for girls 2-16 swear division. Knowledge of compu-d marker and grading a plus. Fax resume to: 973-305-0171

Better Goods fgellis@winstonstaffing.com

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Production import Mgr \$70-80K. Current exp in women's worren shirt-

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Great oppty to join merchandising
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Merchandiser to \$150K. Current exp. in girls 7-16 sportswear required. Must hang with Parigi, J-Lo, Phat Farm, Pepe, Southpole, etc. Call 973-564-9236. Agcy

Merchandising Coordinator

Merchandiser seeks experienced individual to act as liaison between design, production and sales. Mus have product knowledge. Must be detail oriented and have good communication and computer skills.

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Technical Design
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Educating retailers with detailed data on existing trends in the jewelry and watch markets, including noteworthy designers, top brands, and a critical analysis of the business side of the industry.

Capture the attention of those who set the styles and trends in the industry: key retailers, industry decision-makers, fashion elite, consumer fashion editors, entertainment stylists, publicists, and other consumer purchase influencers.

Bonus Distribution: 3,000 independent jewelers, WWD's specialty-jewelry store network

For copies of other category reports and information on Jewelry & Watch In Depth, call Susan Kilkenny, Account Manager, Fine Jewelry at 212.630.4588, Alix Michel, Associate Publisher, Accessories at 212.630.4596, Kara Levy, West Coast Account Executive at 323.951.1805, or your WWD representative.

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