<table>
<thead>
<tr>
<th>Table of Contents</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early activities of Richard Schwartz at Jonathan Logan</td>
<td>pp. 1-3</td>
</tr>
<tr>
<td>Acquisitions just before and just after &quot;going public&quot;</td>
<td>4-10</td>
</tr>
<tr>
<td>Rainwear and beachwear divisions</td>
<td>11-14</td>
</tr>
<tr>
<td>Finances, relating to external and internal functions</td>
<td>14-17</td>
</tr>
<tr>
<td>Administration of divisions</td>
<td>17-19</td>
</tr>
<tr>
<td>Brief discussion of acquisitions by other conglomerates</td>
<td>19-23</td>
</tr>
<tr>
<td>Experience with acquisition and successful restructuring of Villager division.</td>
<td>23-27</td>
</tr>
<tr>
<td>Philosophy about ownership of fixed assets</td>
<td>27-29</td>
</tr>
<tr>
<td>Views on export of American fashion</td>
<td>29-30</td>
</tr>
<tr>
<td>Richard Schwartz growing up, relationship with parents, sister, and with own children now</td>
<td>30-38</td>
</tr>
<tr>
<td>Story of early acquisitions: Modern Juniors, Junior Accent, Youthguild</td>
<td>39-42</td>
</tr>
<tr>
<td>History of the Jonathan Logan division from inception through recent licensing of the name to Kayser-Roth</td>
<td>42-49</td>
</tr>
<tr>
<td>How Jonathan Logan came to be listed on the New York Stock Exchange</td>
<td>50-52</td>
</tr>
<tr>
<td>Philanthropic activities of the Schwartz Foundation</td>
<td>52-54</td>
</tr>
</tbody>
</table>
Q. Richard, could you tell us a little bit about yourself first of all - what you did as a child, how you grew up into this business, how you came to this business?

A. Well I'm forty-two, grew up in New York, I guess I worked in this business summers, my last, preceding my junior and senior years at college, I attended Cornell University. I'm a Bachelor of Arts, graduated in, June of 1960. I started with the company in September of 1960, with the Butte-knit Division which was already in progress. It had been started, I guess, the previous March. Most of my training was really on the job, I ran into a lot of problems and also a lot of opportunities.

Q. Was that in New York or at the Plant?

A. That was in New York.

Q. I see.

A. I never worked at the plant. Whatever I know about production I learned, while operating the merchandising and selling part of the business. I think I probably am, at this point, quite knowledgeable about the problems of production and methods of production, methods used, but I really am not a...
technician at all and I had no training as a technician nor am I much interested in it. I've always worked well with the technical people because I think I have enough of an understanding of what their problems are.

Q. It was in 1960 that you joined the company?
A. Right.

Q. Then you became President of Butte and of all of Jonathan Logan?
A. I became President....

Q. In 1962? Is that right?
A. No, I never really had the title of President there, I was Executive Vice President of Butte, and then I became Executive Vice President of Jonathan Logan in 1962. I think it's fair to say I ran Butte, but the man who ran the mills had the title of President.

Q. I see.
A. And we built a very successful business. We went from about four million dollars in 1961 to about eighty million dollars in 1970.

Q. In the Butte division?
A. In the Butte division.
Q. Okay.
A. In 1966, I believe, I became President of Jonathan Logan but I never gave up my duties at Butte.

Q. So that, for Jonathan Logan you were the overall administrator, coordinator....

A. Right...

Q. ...and so on.

A. ...but I was very intimately involved in the Butte operation.

Q. Of what did you become President when you were twenty-five in 1964?

A. In 1964 I became President of Logan.

Q. Okay.

A. Of the parent.

Q. Right, Of the parent and then, ..., let's go back just a little bit. When the company went public?...

A. I was in college.

Q. You were in college. You joined the firm, however, shortly thereafter?

A. In September; the company went public in March. Or rather, it didn't go public: it merged with a public company in March of 1960 I believe. I didn't join the company 'til September of 1960.
Q. Right. And at that time the volume was twenty-six million? Of the total company's value...

A. The 1959 volume was twenty-six million, four hundred and seventy-six thousand dollars. The 1960 volume was thirty-nine million, eight hundred and twenty thousand dollars.

Q. Well, now, at that point, at the point of the company's going public, I believe there was a major program of acquisition, was there not?

A. Uhm...

Q. That began..., I mean were you involved in all that?

A. I was not.

Q. You remained with Butte and you were not involved with the acquisition until when?

A. Well the first two acquisitions were made before I was out of college.

Q. Uh, huh. But then after the company went public it really began to expand....

A. The company went public... between the time the company went public and I joined the company, two acquisitions were made.

Q. And then subsequent to that?
A. Subsequent to that, several more were made.

I did not have a lot to do with that.

Q. What about the more recent ones?

A. The more recent ones, I did.

Q. Well yes, would you tell... I mean... would you talk about those a little bit?

A. Well, the only large acquisition I ever was involved with was Villager, and that was, a company on which we had an option that ran from sixty-eight to seventy. When we took an option to manage the company about nineteen sixty-eight, Village was, virtually insolvent,...

Q. Uh, huh.

A. ... and, we acquired the company in nineteen seventy. And that has worked out, extraordinarily well. Our two largest divisions today come from that acquisition.

Q. From Villager?

A. Yes.

Q. What are the two?

A. Etienne Aigner

Q. Oh, right.

A. And Villager.
Q. Uh, huh. What about R & K, when did that
become part of your company?
A. R & K became part in, the year the company
hit a hundred million dollars.
Q. On, the year the company hit a hundred million...
let's see, in sixty-three the volume exceeded
a hundred million.
A. That was the year of the acquisition. When I came...
Q. That was the year of the acquisition. Right. So
that actually, many of the acquisitions were made
before your father retired as, Chairman.
A. Almost all.
Q. Almost all. Well, now you see that's, it's
very interesting because I really got very little
from him.
A. Most of what the company is today is the
result of, a couple of acquisitions back in
the early sixties and, businesses that we started
ourselves and then the Villager acquisition of nineteen
seventy-one which happened to be a very fortuitous
fluke. The Villager consisted of a number of divisions
which we disposed of, plus the actual Villager sportswear
company and the, Etienne Aigner line of shoes and small
leather goods and handbags -- which at that time was doing about four million dollars and that business has just exploded to a point today where it's doing a hundred and twenty million.

Q. Is it?

A. The Villager business shrunk back from seventy-five million, when we got involved with it, to about fifteen million and today it's back seventy-five million, uh...

Q. Was there some kind of a situation that I recall, when, you first took an option to buy with the Villager providing that you could do something with it?

A. We took an option to buy the majority of the stock....

Q. Right.

A. .... provided we could negotiate reasonable terms with an eight bank group. At that time there was owed to them forty-eight million dollars and..., we worked the debt down considerably and ended up by the settling of seven million dollars worth of debt for four million dollars and paying an additional three and a half million dollars to shareholders.
So, we bought the company for, somewhere between seven and eight million dollars. The rest of the company consists of the Butte and Act III divisions, both of which were started to sell products that were manufactured in our knitting plant. I think it's fair to say that Jonathan Logan was the first company to invest substantially in fixed assets and I would say that on par it was worth while although, we just closed the mill.

Q. Yes.
A. But, I think the company today has a net worth of something in neighborhood of a hundred and twenty-five million dollars and a great deal of that has to be attributed to the profits that were made as a result of the mill, by the Butte and Act III divisions from nineteen sixty-one to nineteen seventy-five, and I think that the funds that we generated from those divisions,

Q. You said, were there, did you say there were three divisions of Butte-knit?
A. Just the Butte and Act III divisions.
Q. Oh, Butte and Act III, I'm sorry, I didn't hear that.
A. Right. I think it's fair to say that the funds that were generated by those divisions have enabled us to start the things that are carrying us today; the other companies that comprised Jonathan Logan: Modern Juniors is one and that was a small sportswear company that was acquired either in nineteen sixty or nineteen sixty-one that has exploded in the last five years. It really has. We, we finally hit upon a proper product line, got the right people in there; and, that business also will do something in the neighborhood of between sixty-five and seventy-five million dollars this year. The Butte and Act III businesses are operating without the mill today and they're operating much better than they have in the last few years.

Q: So that all the material, all the goods are bought outside?

A. All the material that are consumed by those two divisions we bought in the open market except for a particular velour fabric that we have developed that no one else seems capable of making, we are going to, we have sent the machine to our Irish facility,
and we will bring fabric in from Ireland.
But as to the rest of --- other than that
we have no more, we are no longer in the
textile business.

Q. When was the Irish, enterprise undertaken?...

A. Around sixty-two.

Q. ... And it's continued, it's been continuous?

A. Well we shut down about seventy-five percent
of it, four or five years ago when knits really
slowed down in this country. We no longer could
consume the surplus.

Q. Uh, huh.

A. ...that was being produced over there. So we
shrank the mill down to a size where it could
just produce for our, British joint venture
company. The balance was being brought back
here and we closed that. We will - now we're
shipping about eight knitting machines and one
finishing machine to Ireland, to bring our velour
back and that will not increase the production
terribly, much over there..., it's very useful
for our business here. We still have the R & K
division which was acquired in, I believe, nineteen sixty-three and the dress business per se is very difficult....The dress business is a very difficult business today: the business is substantially a sportswear business, and total dress business has shrunk considerably but we are concentrating all our dress business in that one area and, we're doing quite well. We've got the R & K line which includes a traditional missy line as it's always been; a petite line; collection which is an updated, less traditional dress line; and Amy Adams which is a, half-size line. The four together perform well. Not as well as our sportswear business, but they do perform well and we do make money and, we will continue to try to grow in the dress business from that level, from that particular, group. We also have a rainwear business which we started in about nineteen sixty-three...

Q. Did you start it or acquire it?

A. ...Started...

Q. Started.

A. ...And that business is really starting to grow again. It floundered for a while: we stopped,
we kept repeating the same coats for too long. Now we've introduced a lot of fashions that do well, a lot of different fabrics and color. We've realigned the design concept and I expect that to be a very important part of the Jonathan Logan group. One of the most dynamic areas in the company is in swimwear and beachwear.

Q. That's very interesting because, that has for many years been a very, very quiescent business, overall as an industry and, and I know you're doing extremely well and that's very, special.

A. Well we acquired the Rose Marie Reid name, not the business....

Q. Yes, right.

A. ...We acquired the name from Mrs. Reid and unfortunately, we didn't acquire a terribly viable name. The name had been old, had lost its market position: it just was more of a liability than it was an asset. And we floundered... with it for, oh, for maybe eight or nine years. Act III originally started as the non-swimwear part of Rose Marie Reid and we then put in a couple of knit groups and they did so well that we ended..., Act III ended up swamping Rose Marie Reid and we
had to separate them because Act III became a huge business. And, in the last, I guess about six years ago we, promoted a young man named Al Fuocco...

Q. Would you spell that?

A. F-U-O-C-O. ...uh, to President of Rose Marie Reid and he has really just done a good job, and in addition to that we, last year we, retained Bill Blass to design a special group of swimsuits and the look that Blass gave us and the fabrications that Blass gave us helped to carry the Reid line into a lot of outlets that we hadn't had before and we also have a semi-active beachwear line called Action Scene. They're all sold into the same beachwear department, and uh, between the three we will do about twenty-five million dollars this year which is probably double what it was a year ago. And it really looks like it's going to be very, very dynamic business, and I...

Q. Is all that production done in New York or is it in California, like...

A. ...None of it's in California...It's all done...

Q. None of it's in California.

A. ...No, most of it's done in Pennsylvania.

Q. With your showrooms here and your design rooms here?
A. Right. We own no plants for that company.  
We just design, we buy fabric and we have contractors.

Q. Is that generally how, your business is?  
One of the use of contractors? You don't have any plants of your own?

A. We have plants but not in all: Certain of our businesses have plants and certain don't. 
At one time there was reason for it I would say today that it would be hard to explain. 
I'd be hard pressed to justify it today, the plants that we do own...

Q. I see.

A. ...But at one time there were good reasons for it.

Q. Could we talk for a little bit about some of the philosophies that you have developed with regard to dealings with the financial world, particularly since you are a company that is a publicly owned one and a very large company? Could we talk about, could you, would you talk about what has been your involvement with the financial community and with banks and so on?

A. Well, I think the the key strength of a company like
ours is financial. The things that we have
that most of our competitors don't have is
unlimited resources to exploit the opportunities
that we happen upon. We have, over the years,
done two convertible debentures, but, that's
back in the dark ages when you could get money
for five and a half and four... One was done at
four and three quarter per cent, it's just being
paid off; it'll come due in two years and the
other was done, at five and a quarter or five
and a half per cent, and I think that's got
another five years to go. But that's one of
the advantages of being public, that you can take
advantage of market situations; and I must say
we did not think that we were taking advantage
at the time that we did these, but, times have
proven that they were at least very advantageous
transactions. The other thing that we have...
is that we do not burden our managers with financial
responsibility. We supply them with the funds that
they need to pursue the opportunities they perceive
and if they're right, they're...

Q. ...Do you have budget meetings once a year or
something of that sort?

- 15 -
A. ...We have a lot more than that. We don't have strict budget meetings at all: we just, we keep in touch. I like to know what's going on. I do not like to know what's going on in a formal way! I think in our industry reports are relatively useless because most of our people, frankly, are not terribly well educated and don't know how to write a report. And I've been on the firing line as much as anybody, I guess, and I can relate to what it is they want to do and I can see whether it makes sense or doesn't make sense, and to what extent our exposure is. And if it sounds right we go ahead and do it and I'm really not interested in budgets. I think budgets in this industry would be a constraint. I think rather, because... we must be opportunistic and it's very hard to be opportunistic if you're geared to go ahead fifteen percent this year. You may...

Q. So that you are not Proctor and Gamble?

A. No. And, it may be advantageous to allow your self to go behind twenty percent for the year. If you can't force the sales through,
if you don't, if for some reason dresses aren't
good or you're in the wrong fabrics and you haven't
made the commitment, why force the business?
You're better off letting whatever it is that's
terrific fly and letting the other sink to a level
that it can support, until the product rights
itself or it is corrected. And, I guess if... I
guess if anything that would be my philosophy.

Q. In other words, does each of your divisions
run fairly autonomously?

A. I would say that the merchandising decisions
that are made in each of our divisions are made
within the division itself.

Q. Uh, huh.

A. I am not consulted, nor do I want to be consulted.
I spend most of my time overseeing the total, trying
to locate the problems and trying to deal with the
problems. I spend the least amount of my time with
the divisions that are running really well. I talk
to those people, I talk to the division heads, oh,
three or four times a week but on a very informal
basis. I just want to touch base and a lot of it
has to do with sales more than anything else. I've
got so and so coming up, how is your business looking?
Can I give you a hand with Lord and Taylor? Can you give me a hand with Lord and Taylor? Or any, you know, any other group of stores, ...

Q. How much involvement do you have with the stores yourself?

Do you, ...

A. Not a lot. They like to be involved with me. I don't think that it's terribly important. I think that it's more important for the guy who runs Etienne Aigner to have involvement with his customers than it is for me to be involved with his customers. And, it's no longer a one person business. I think that in each one of these divisions there is a very competent successor - this is also a very good organization and they're not one people businesses.

Q. So you really have built up the organization?

A. I would say that the organization has been built up, by the divisional managers more so than by myself. I think...

Q. I meant you as an administrator.

Q. I think there is a lot less ego involved today than there used to be. You don't hear "I" as much and I think we're all a lot more realistic about our
mortality or lack of immortality and...

Q. You mean as human beings or as businesses?

A. As human beings. I mean, I think that everyone is aware that the business is going to survive them. That no business is going to die with any one individual and, I think in the history of business you'll never find one that has. They continue to go on. When they don't go on, when a business ceases to be is when the idea upon which it was founded ceases to be valid. But the business won't go down because one individual does. If the ideas are still there, the business will continue.

Q. How do you feel then about some of the businesses which were taken over by major conglomerates and did not appear to survive terribly long?

A. Which examples?

Q. Well, for example Susan Thomas? Majestic? Kimberly?

A. Genesco took over both Susan Thomas and Majestic and I think Genesco had a really poor philosophy of operation. My feeling is that they were insulated: the top management, of Genesco did not want to deal with the divisional people and the second best thing to not dealing with them is to allow them to operate on their own and just sort of look over
their shoulder. The worst thing to do is to insert
some group Vice President between the Chief Executive
on the one hand and the acquired company on the other
and that's what Genesco did all the time and all the
decisions were always questioned, so, it was very, very
difficult to operate properly. Now, I don't know
if that's what happened to Susan Thomas. I'm not sure
that the family just didn't get fed up because their stock -
they sold their business for a lot of stock and the stock
gone down... I'm not sure they didn't get disgusted and
leave. I don't know the story. I'm not sure if that
business was run down. As to Kimberly, in my opinion
Kimberly was bought after it was already on its way
down. I think Kimberly would've run into the same
prob... I think Mr. Lazar would have had exactly the
same problem had he not sold Kimberly, that he gave to
General Mills. I think that...
Q. Because you think the knit business was already...
A. ...The knit business was on its way down.
Q. I see.
A. And I would say, we had our best years at Butte after
General Mills owned Kimberly. But we could feel the
turning. It was just because our prices were lower.
The better customers....
Q. Well that's....
A. ....The better customer turned off, before the moderate customer did, but the moderate customer was not far behind and I don't think General Mills ruined Kimberly. I think that Kimberly just had it, it was over the hill..., it had had it as a business. I think that a lot of the acquisitions that you can cite that appear to have been messed up by large companies, were companies that probably were over the hill at the time they were acquired. I think there are a lot of examples and I think Alex Colman was an example of that at Bordens.

Q. Right.
A. John Meyers is an example of that...

Q. Uh, huh.
A. ...At Grace. I think they have a tougher time straightening them out than we would.

Q. Right. Because for example Interco has acquired and done very well with...
A. Interco has acquired top quality.
Q. Right; and top management and good management.
A. Well when I say top, that's a prerequisite. You can't have top quality with bad management.

Q. Yes. Right.
A. They have acquired quality companies and they've let the guys run on their own. At some point they're going to stub their toe: they're going to have a problem with these companies and then we'll see how good they are. There are a couple of companies here that are reaching maturity that are going to start receding a little bit and you'll find out how good the Interco people are in coping...

Q. Uh, huh.

A. ...when this happens. But they have done, I would say, a superb job.

Q. Yes, I think so.

A. But I think their job is more in selection than it has been in operation and I think that they selected well and they've given the ball and let 'em run and they've run very well. And I would venture to guess that their philosophy is very similar to ours in terms of how they operate.

Q. As long as we were talking about Interco and the success that they have had in acquisitions and your statement that their philosophy of acquisition is very similar to yours...

A. No, not acquisition - operation.

Q. Oh, Operation, operation. In other words, you don't
have a set of criteria for acquisition because you basically
don't believe in acquisition?
A. No, we haven't had the luxury of acquisition. Because we haven't had....
Q. Well, but Etienne-Aigner was an acquisition, for example.
A. Yea, but it was a distressed business: it was acquired for a very, very low price.
Q. I see.
A. We haven't had the luxury to make the kind of acquisitions that Interco has made because we haven't had a stock selling at a premium.
Q. Uh, huh.
A. We've had a depressed stock over the past... I guess over the past seven years we've had a very depressed stock so we haven't been able to compete.
Q. Well if you, were able to, would you want to acquire?
A. I don't... I'm not sure. I don't have a philosophy. I would let you know on a company by company basis.
Q. I see
A. I tend to prefer to acquire, I've done it twice, and I tend to prefer...
Q. With Villager and...???
A. I like depressed situations. No, Villager I consider one and I did it with Venice a couple of years ago and it didn't work at all.
Q. Oh.
A. It didn't work at all. I couldn't salvage it, but I like to go in at a low price for companies that are really having problems and see if I can straighten them out.

Q. Then what do they have to attract you? I mean what is there about such companies that would attract you? What do you look for? Apart from the fact that...
A. I look for a somewhat unique product and a position and real management problems. Then hopefully, without complicating our live too much straighten out the management problems, get the right people in (who are probably there already) get them operating correctly and watch it sail. Now Villager as far as I'm concerned is almost a business that we started from scratch except they had a marketing position that we didn't have but they didn't have a worthy product, and they had no organization at all. It has grown, you know, it's grown back. Primarily staff it with people who were there originally. You know, or a combination.

Q. Right.
A. The man who heads it was there a couple of years before we took it over. But he was there, and he got there in a financial capacity and he's now in a merchandising
marketing capacity.

Q. Oh really?...
A. Yea.

Q. It doesn't always work that way does it?
A. Just let it fall. The most important thing in this business is not to be rigid. You can't afford to be rigid and don't try to keep switching people around; they tend to be good in one position at one place and they're not terribly interchangable.

Q. So that you're saying that a financial man ordinarily would not become a merchandising man?
A. No.

Q. It just happened in that case that it did?
A. It happened that he was a trained accountant, talented, and had a very good feel for the business and I did not need him in a financial capacity.

Q. I see.
A. But he had tried; he struck me as being very capable and I didn't want him to go, and he was the only one who was there who seemed to be able to run the company per se; the Villager division, so I put him in charge of it. And it took several years.

Q. I see.
A. But that's more the situation that I would like to go after
than the mature successful business.

Q. Right. The way in which this business has grown, your business has grown from a hundred million to four hundred and five million in fifteen years. At least, it's the figure I have: I think you told me that there have been three major divisions which have done the biggest, which have experienced the biggest growth? Is that right? That there are three divisions which have enjoyed tremendous growth because that's a big, big jump in fifteen years.

A. No, that's right now, that's not fifteen years.

Q. From a hundred million to four hundred million?

A. Yea, but there are not three divisions that have accounted for that in fifteen years; there are three - businesses that accounted for the growth...

Q. Uh, huh.

A. ...some have continued to sustain themselves and some have gone down.

Q. I see. And do you feel that you can tell the major trends. I mean for example you feel that Kimberly was really past its top at the time it was acquired: Butte you felt was going to suffer the same problems
later on. Now do you feel that you can tell the
trends in some of your businesses even though they're
not so big?
A. I think so. I think so. What I tend to depend upon
is a Butte contracting a little bit and being offset
by our Villager taking off. The reason that we lost
so much when Butte and Act III started to slide
... we lost so much because we had so much invested
in fixed assets that we couldn't use.
Q. And that's unusual in this industry is it not?
A. That's, that's unusual in this industry and that's
something that I, that I would say today is
philosophically all wrong. There is no reason to
invest in plant and equipment in this industry.
Q. You mean you could always use contractors?
A. You must have complete flexibility. Not necessarily
contractors, there is nothing wrong with owning a
sewing plant but owning machinery to make your raw
materials is really wrong because at some point
those raw materials aren't going to be what you need.
And obsolescence, in that kind of equipment
comes so quickly that you have to be prepared to keep
spending and spending and spending, and at some point
the product just isn't going to be worthy of it. And
I would say philosophically I would never do that again. I don't want to own a shoe plant, I am very happy with the Aigner place, I wouldn't own a shoe factory. Let somebody else own a shoe factory.

Q. So that you're talking about Etienne?

A. Right. Well that's the philosophy. I don't want to own the production facilities, I want to market a product. I'll get that product made and I don't mind if it's made in a shop that I own provided that shop is a very, very flexible one. When it comes to shoes it wouldn't be that flexible: different plants make different types of shoes.

Q. Right. As far as your foreign operations are concerned you are essentially, you have this small set up in Ireland?

A. Right.

Q. And, are you still in Venezuela?

A. No.

Q. That's finished.

A. That's gone. And we have a joint venture in England.

Q. Uh huh. Are you affected by the currency?

A. Oh sure. Not terribly we're... With dollars strong and pounds weak we lose money on earnings...

Q. Sure.
A. ... over there.

Q. How do you feel about America exporting apparel?

A. I, almost futile. It's almost futile in anything but the most basic areas. I don't think that we're going to be able to export apparel.

Q. Well, do you think it's because of fashion or quality or price or???

A. No one wants to buy it. Basically, I don't think that American merchandise has any real appeal abroad. Americans love Italian shoes, Italians do not love American shoes. Americans love French couture: the French have no interest in buying American clothes. Americans love British sweaters. There's no mystique to it. Our prices are high, our timing is off and I think we spin our wheels trying to do business over there.

Q. Did it pay to join that effort last May?

A. Next to nothing. We had a couple of divisions that did. And they proved me right.

Q. Uh, huh.

A. I won't stop them from doing it.

Q. If they think it has some merit...

A. When they ask my opinion I tell them "I think you're wasting your time but go ahead and try" and then, yes,
then we monitor it and if they're right and I'm wrong we try to go ahead but generally when it comes to that it's almost hopeless.

Q. Yes: Well of course they have discontinued the major effort for this season, so...

A. Well I think they have a preordained fate - the fact the Department of Commerce is in there at all makes it a failure. That preordains it.

Q. Why?

A. Because you're bringing companies over here to buy that have really no interest in coming here and you're encouraging companies to see that don't know anything about the market, and the Commerce Department is not really full of great business people anyway. And you know, it just was a very poor effort but regardless it would not have succeeded. They weren't the ones that killed it; they just wasted their time and a lot of other people's time and money and effort.

Q. Would you talk a little bit about your growing up?

A. Alright, well, I didn't, I had a very normal growing up. There was nothing special about me. I went to school. I didn't, I really didn't work after school.

Q. You had no involvement in this business at all, with your father...
A. Not a whole lot. I mean once in a while I used to come down on Saturdays and vacations to earn a little bit of spending money but I didn't work terribly hard, was not terribly involved in the business until I was in, until a couple of summers in college. I grew up in a rather, with a rather high lifestyle, a very good lifestyle. Private school, camp, you know a decent amount of spending money, what have you. I think my parents imparted a decent set of values and standards. There's something...

Q. You didn't go to Camp Scattico for example?...

A. No.

Q. ...Where I think, half the industry went.

A. No, no. I think there is a lot of the American ethic in my particular up bringing. You know, the idea of working and earning your keep and being successful and what have you - doing whatever you're doing and doing it well. I don't know if my folks really were that anxious for me to go into the business. At one point, I felt I wanted to be a lawyer and then I got more involved, just over summers, in the business and discovered that I think that the business men have more fun than lawyers
and there was a bigger reward for it. And I decided that I'd just like to give it a try and then, giving it a try I came, I started in September and all of a sudden I was running a business that I didn't know anything about. And I discovered, to my relief, that nobody else knew anything about it either so I wasn't far behind. I was very young. I was twenty-one when I really took over an operation but I guess I was fortunate in that I got along well with the people I was working with. I don't think they were resentful of my position and I put a good team together quickly and we were very successful. And had fun doing it.

Q. So, one thing led to another. I mean, you put together a good....

A. Yes.

Q. .....team, you did well and you had fun.

A. We had fun. We would, you know, I was single and we had a good time. Unfortunately, you know, all good things come to an end and, I guess that group disintegrated over a period of time. The business stayed good past that but it became much more of a business: it was not fun. It was work and it was business and relationships weren't really personal relationships.
Q. Tell me a little bit about your sister. You have one sister, right?
A. Right.
Q. And she's never been involved...
A. No.
Q. ...in this business at all?
A. No.
Q. Were you involved with her as a person when you were growing up?
A. Oh sure. We're two and a half years apart. We're still close: we're very close.
Q. Yes. But she never had any interest in becoming involved in this?
A. No she didn't - she grew up at a time when women were, you know, and it just was not a world for most women. She was not looked upon and she did not perceive herself as a working woman.
Q. Yes. I used to know her husband quite well.
A. Bruce?
Q. Bruce, sure. That was because I knew his father and his uncle.
A. Uh, huh.
Q. But anyway, she was never involved and of course he has become uninvolved entirely...
A. Right.

Q. So what got you interested in it was the excitement of it and ....

A. I wanted to go into business and I didn't see anything wrong with this business, and I really did not believe that there was any great advantage in starting at the bottom and working your way up. My feeling then, as it now is that you just wasted a lot of time.

Q. Yes, right, yes. There has been a certain amount of talk, I think, about the fact that this might be a business which, while it has enjoyed having you as the son of a founder, might not have a third generation following.

A. No.

Q. Well your son's very young, is he not? Are suggesting that this business would not be one which he might become interested in at some point?

A. I wouldn't, well I might - I have no intention of hanging around here to find out. I mean he's nine years old, I'm not going to program my life for his career, and he certainly would not be able to step in as I did at twenty-one. Those days are gone.

Q. Because this is a big, big company...
A. You can't do it anymore.
Q. Yes. Right. Yes.
A. And I can't, ... I would much prefer my son really
develop his education and do something that he wanted
to do. Whatever that might be. Do whatever it was
that he wanted.
Q. Yes. And do you have a daughter as well?
A. I have a daughter.
Q. You have a daughter. Any chance that she might be
interested in this kind of business? Or is she even
younger than he.
A. She's younger than he. I mean, she can do what she
pleases but she's not going to do it...
Q. Companies in other industries in which family involvement
becomes less and less.
A. There is no way that family can become involved and
there is no slot to slide them in if there were family
to become involved. There is no slot for it.
Q. Well, do you yourself feel that if you had had something
else to go into you might have gone into something else?
I mean if you had had an overwhelming interest in
the theater - was there any family pressure that would
have kept you in the business? Or family sentiment....
A. That's an impossible question. There was an opportunity; it was a very inviting one at the time and I took it - if I didn't like it I probable would have left and what I would have done, I don't know. I think I always had the option of going back to law school.

Q. Right, yes. What are your other interests? I mean, if you had it to do over again? You obviously were interested in being a lawyer and then just did not go ahead and become one. I gather that there is a distinct possibility, at least if his grandfather has anything to say about it, your son would become a lawyer? But of course that is going to be his own decision to make.

A. I have no interest in my son being a lawyer.

Q. Uh, huh.

A. If he wants to be a lawyer, fine. I think there are many better ways to make a living than that. I would like my son to be a very educated man who would have all the options open to him. The law, to me, is a trade. It's a very profitable trade but it's a trade. That's the way I feel about it, about the law. I think that lawyers - I'm not sure they make a lot more money than plumbers. I find that work dull, I find it dull and uninteresting. That wouldn't be for me. I'm very happy that I didn't do it.

Q. What kind of things appeal to you? What kind of things would
you like doing?

A. Oh, I, Finance. If I were going to embark on a second career which I probably will do one day, it would be in some sort of investment, either investment banking or some capital ventures, capital formation ventures. That's what I think is interesting.

Q. Was your academic training in finance or was...

A. No, I was liberal arts, Bachelor of Arts, major in government, political science.

Q. Well that's of course a field in which a lot of very entrepreneurial people have done extremely well: I mean, there is a certain characteristic — you are still entrepreneurial, I think, in your being even though the business is no longer a small enterprise; and a lot of the financial people that I know are very entrepreneurial.

A. Well, I have found that you can make a lot more money: I mean if you're going to be in business you might as well do it to make money.

Q. Sure, sure.

A. And you can make a lot more money with money than you can with buying and selling products. Buying a product and changing it, overhauling it, and reselling it. Which is what I do currently. Buying and selling property and/or businesses or something else is much more lucrative and....
Q. Uh, huh.
A. ...But as far as what my children do, I would like the whole world open to them. If they want law, wonderful; if they want medicine, wonderful; if they want, it they want careers on stage...
Q. Cooking, catering...
A. ...whatever, whatever it is, let them do it.
Q. Yes.
A. And if they just want to travel and have a good time, I hope they can afford it.
Q. Right, okay. Very good, thank you very much.
A. Thank you.
Q. We're going to be talking now about some of the early acquisitions including Modern Juniors, Junior Accent, and Youthguild.

A. It's appropriate to start with Junior Accent. Junior Accent was acquired substantially before the company went public; I believe in 1954, 1955. It was a small, at that time, "better" (meaning expensive for the time) junior dress business. I honestly don't remember who it was acquired from. It was probably a three or four million dollar business at the time, and frankly, I don't ever believe it was successful. As we went into the sixties, the junior market, essentially, school aged females, started getting out of dresses into sportswear, into pants, and certainly away from better prices, and it was a struggle; and I think we finally closed it in about nineteen seventy. Youthguild was the same type of situation but Youthguild was a lower priced, better junior line. It was about a third... somewhere in between Jonathan Logan and Junior Accent. And Youthguild was acquired in the spring of 1960. Initially it was quite successful and then the man from whom it was acquired became ill and we never really replaced him properly or adequately. And I must say Youthguild was a great lost opportunity because the designer was Liz Claiborne.
Q. Oh! Right.
A. Who was with us till about nineteen seventy six and we never could channel her talents because, until she left us and went into her own business, she was always rather impractical. She always made very pretty clothes but ....
Q. She must have learned a great deal right here though.
A. I don't, I think she learned from, she learned from all our mistakes 'cause her taste level was always very, very good. Her problem as I, as I look back on it, her problem was that we were dealing with fabrics that we couldn't really coordinate. We'd have a sweater yarn from France and something else from America and something else from Italy and we never could, we couldn't ship anything on time and it was, we probably went on that way for three or four years and we just couldn't, we couldn't get the act together. And when she finally went into business, she went into business with her husband and two or, I guess two or three backers, and she just, she did the same type of thing she was doing for us but really simplified it and has been a remarkable success.
Q. Yes, I've, I think she's doing close to eighty million today.
A. But she, I would say she's been successful since, oh, from six months after she left us and it was just, it was unfortunate that we couldn't put the same kind of
team together that she able to amass after she left.
Q. Which of course, is an example of the fact that management teams or the management team is important in an individual ...
A. Well I think sometimes it's also important to have your own money up. I think that, I think she got a lot more practical when it was, basically the business, I guess, was run by Liz Clairborne and her husband or Art Ortenberg and a couple of other people, all of whom have substantial investments in the business and they don't, they can't afford to put up with the nonsense we do.
Q. And the last of those three firms?
A. The last of those three firms is Modern Juniors which was a very small sportswear company that was acquired, I guess, not much after Youthguild and that business had its ups and downs until, oh I guess, until five years ago, six years ago when we really completely turned, changed management totally into, changed the direction so it became a coordinated sportswear line. Part of that had been in swimsuits and really an item kind of a line that was good one season, bad one season and never really worked the way it should have and six years ago we changed the direction and the people running it. It's now, the product that we ship now is called MJ Concepts. The division we
still refer to as Modern Juniors but we really don't want a junior connotation to it. It's coordinated sportswear, it's priced very, very well, it's almost budget priced.....

Q. Meaning low or medium, how?

A. Almost budget. And I'd say that it, junior sportswear, in fact the junior market, when it's not really young looking tends to be budget much more than young. Junior is as much price as it is size or age. And that business is, oh, it's gone from probably fifteen million dollars six years ago to close to eighty million dollars now and it's been very successful.

Q. So that, so it's a major contributor?

A. Oh yes.

Q. At this point.

A. Yes. It's been, it worked out very well after a number, of years of floundering.

Q. That brings us to the story of the division which originally was called Jonathan Logan itself, now there appears to be some disparity between the dates as listed in Moody's for example, the day of its starts, as officially incorporated in nineteen forty six according to Moody. There is some disparity between the actual starting of it, or perhaps it's between the actual incorporation of it. I had an earlier date listed by your father. Could you just reflect
a little bit on how it started and what it's, as you recall having heard about it? for instance, your story the other day, telling me that there was an anecdote concerning the sizing?

A. Well originally the company that my father founded, or I guess, co-founded but that he ended up owning by himself when the partnership split up was a large sized business, right. In those days it was called women's sizes, it may still be called women's sizes but they were oh, my guess is thirty two to forty eight or something like that, in very low prices; I would say, I think even low prices for those days. And somewhere between nineteen thirty nine and nineteen forty there was a company that was owned or had as a designer a person named Jonathan Logan and it was called Jonathan Logan. And this company went into, I believe went bankrupt but they may have just been solvent and needed an infusion of money, I'm not sure. And in any event, my father took this business over and this company was making junior dresses which were much smaller sizes and that's the time the designer, Doris Varnum, joined them. I guess it was the first Jonathan Logan designer. The war started in late nineteen forty one and I would imagine by late nineteen forty two it was very, very difficult to get fabric and it was
very easy to sell whatever fabric you could get in the form of garments. They phased out the women's dress business, the woman's dress needing twice yardage that a junior dress does, and Jonathan Logan designed by Doris Varnum became the whole business. I remember, and I was very young at the time, but I do remember that the company was called David Schwartz and Company and the label was Jonathan Logan. So I wouldn't be surprised if Moody's is right, in nineteen forty six the company's name was changed to Jonathan Logan, but the label was used, I would guess, from nineteen forty on and by nineteen forty two and nineteen forty three that was the only label that was being used.

Q. I see. And, at this point, now that you bring it up to current times, since the name Jonathan Logan has just been licensed, to Kayser Roth, which is a story I would love to hear about, it does mean that the name Jonathan Logan Inc. is going to be strictly a corporate name for corporate purposes, not for marketing or designing or selling....

A. You'd have to go back in history. Jonathan Logan is still an extraordinarily well known, well respected name in fashion by the consumer. I would say that from nineteen, possibly earlier but, at least from nineteen fifty one on and my guess is from nineteen forty seven...
on, Jonathan Logan was regularly in Seventeen Magazine which used to be a bible to teenagers who wore a lot of dresses, and it was in the New York Times Magazine at least twice a month, and undoubtedly much advertising. Originally it was confined. I guess during the war everybody who needed dresses bought it: after the war Best & Company had it confined.

Q. The entire collection?
A. I believe so. They were the only ones, at least, allowed to advertise it. And, so for this period of time, from nineteen forty seven to nineteen..., let's say, sixty seven, Jonathan Logan was really a very, very well publicized well advertised name for young dress, junior dresses, dresses catering to teenagers, has really been a great declining market. And, whereas, when I was going to school, girls had to wear dresses to school or at least skirts, the whole thing has changed. I guess a girl who used to maybe have fifteen dresses now has two, if any. And for a great many years I kept trying to reposition the line and for some reason stores had such misconception of what it was, they would not accept it as a misses label, they wanted Jonathan Logan in the junior dress department which kept shrinking and shrinking and
shrinking. They wouldn't accept it as we tried to trade it up which was a must, and we struggled with it for a good many years. We almost had a resurgence when we licensed Gloria Vanderbilt and made Gloria Vanderbilt for Jonathan Logan dresses, but that fizzled on us. And last year I just made a decision to stop using the label. I guess about ten years ago we decided to stop putting the name Jonathan Logan on any one of our other products. We haven't put the division of Jonathan Logan on for at least that long because I really didn't want that inexpensive image penetrating the rest of our companies, and I don't think that in the kind of business we're in, I really don't think that there's any great advantage in telling the consumer that they're better off thinking they're buying from smaller, more fashion oriented companies. I think that it would be a great mistake for us to have Etienne Aigner, who might appear to be a French designer, there's no sense distorting an image by saying it's part of a five hundred million dollar, or four hundred million dollar company. So, it was, you know, I made a really firm decision to not associate any of our labels with Jonathan Logan. When, I guess about a month after we decided to discontinue using the label, and
after considerable discussion with some of our divisions as to what they thought they could do with it, and getting no, I couldn't get a real plus out of it, you know, Modern Juniors at eighty million dollars does not need to put Jonathan Logan on the label. It, it really can't goose it up to a hundred million dollars. We didn't need it on Villager. It didn't apply to our dress lines which we diminished anyway, and I guess a combination of minds got together and we decided that it might be a great idea to try to duplicate what Kayser Roth had done with Cheryl Tiegs for Sears with another chain; and we thought Jonathan Logan was a perfect label for that. Jonathan Logan is a wonderfully well established label. I'd say it's perfect for the chain customer who is not a teenager but remembers buying the dresses, or at least seeing the advertising all the time. And, since Kayser Roth had done the Cheryl Tiegs for Sears, they were perfect. K-Mart was not our first choice, not their first choice, we really didn't have a say in who would buy it.

Q. Uh, huh.

A. But I think K-Mart's ideal because K-Mart has an underdeveloped apparel business, and it's very low end. I think they really need a label to promote and, if they get the right merchandise, there is no better recognized label in American than Jonathan
Logan. And, in the products that are really in demand right now, starting with sportswear, coordinated sportswear, it really should, it should be phenomenal. I think that it could be a great opportunity for the three of us, for us as a licenseor, for Kayser Roth as the licensor.

Q. Right.

A. ...And K-Mart is the recipient of a really well known American brand which they had never had access to; it really could be a bonanza for the three.

Q. Yes. I think so too.

A. And it has absolutely no effect on any of our other labels.

Q. Are you going to have any input as far as the design is concerned?

A. We have a contractual obligation to have input. I, frankly, don't feel that we can add a whole lot. I think that they, Kayser Roth is very professional, and they're very much in this business, much more so than we are. They know what the chain stores need, they know how to make it, they know what it should look like, I don't really think that we can contribute a lot but we certainly will participate as much as they would like us to. And that's that story.
Q. Yes, well, I think that it's a very exciting story because it really is the beginning of something in licensing which has not happened very importantly before.

A. Oh, I think it's wonderful, I think it really, it adds a whole new dimension to our business. The funny thing is that a lot of our customers really feel hurt and they feel somewhat betrayed but they have no idea why because they haven't carried the label (at least, most of them haven't carried the label) for at least five years but somehow they think that something's been taken away from them. And, I was at a luncheon today and the explanation that I make is a perfectly plausible one and they looked at me somewhat dismayed and don't understand that they're buying a ton of merchandise from us and none of it's called Jonathan Logan and there is no reason why that label shouldn't be used.

Q. Could you tell us now the story of the listing of Jonathan Logan on the New York Stock Exchange?

A. Yes, with Jonathan Logan, I guess it was, it started in nineteen fifty nine. I think the first discussion was when I was in between my junior and senior year of
college and then....

Q. And that was in what? Fifty eight?
A. Fifty nine.
Q. Fifty nine. Uh, huh.
A. The summer of fifty nine. And there was a public company called Butte Copper and Zinc. They had copper assets that essentially were mining assets that were leased to Anaconda Copper. It wasn't really an operating company; it was a company with cash and mining assets. A merger was arranged with Butte Copper and Zinc whereby Jonathan Logan would be the listed c..., Jonathan Logan would merge with Butte Copper and say Jonathan Logan shareholders would receive seventy five percent of the total, Butte Copper and Zinc shareholders would receive twenty five percent of the total, of the new company.

Q. Uh, huh.
A. The new company would be called Jonathan Logan, and would be listed on the New York Stock Exchange and Jonathan Logan would contribute its operating company and Butte Copper and Zinc contributed a certain amount of cash and that's how Jonathan Logan became listed on the New York Stock Exchange.

Q. Now, do you think that was a good way for it to happen?
A. It did not achieve as much as it could have achieved. I think that there was more of an emotional desire to be the first company, apparel company listed on the New York Stock Exchange. I think that probably in retrospect there could have been a better way of doing the same thing, giving up less than twenty five percent for what was received.

Q. It would have taken a longer period of time?

A. Would have probably taken an extra six months to a year; either to go public with a small amount of shares and go from the Over-The-Counter Market to the American Exchange to the New York Stock Exchange or to sell some of the treasury stock and raise at least the same amount of cash that came from Butte Copper and Zinc with a lot less than twenty five percent. There was no reason to give up that much just to get the listing.

Q. Right, okay. And then the final thing that I'd like to talk about a little bit or have you talk about rather, is your company's niche in the world of philanthropy. The industry itself has been a very philanthropic industry. Would you comment on the origins of that and what the situation is today?
A. Yea, well, I think that to some extent the company has been, the company and the family have been overly linked. The company, since I've been running it, has not been particularly philanthropic. The company's philanthropic policies are, I would say, very conservative. We probably contribute as little as we can to various philanthropies and the bulk of what we contribute is to either industry educational organizations such as Parson's, such as F.I.T. or community activities in small tangible rehab facilities; there's Spartanberg YMCA, a hospital is being built in South Carolina, local colleges. Our thrust has not, the company thrust has not been a really philanthropic thrust because, I personally don't feel that's a good way to spend corporate assets. At the same time we have a rather large family foundation that was started by my father and very well endowed by my father, and that has contributed very generously to a great many, many things in large numbers over the years.

Q. Do all of you have input into that? That is, do you all, all of you meaning the whole family, yourself, your sister, your mother, as to ...

A. Yes, but ...

Q. ....Which organizations will...?
A. Strictly family, nothing corporate at all. And it's really more than input, I, I would say that we all, there are certain things we do in common, that we all, certain interests that we share in common and there are certain interests that we have individually and I must say that there is plenty of income to take care of everything, and the result is that we really contribute to a very broad Spectrum of philanthropies. Now, before my sister or I had any input, this was a rather large foundation and they've done a lot of good things in many varied areas. Looking back, I would say that my father contributed and I'll give numbers because I think it's probable, I think it's worthy of not, I would say he contributed at least two million dollars to Brandeis, at least the same amount to Albert Einstein. We jointly contributed, it was more, more my, my desire than his but a million dollars Mt. Sinai Medical Center and they're building a medical school, a half a million dollars to Cornell the university I graduated from, somewhere between two hundred and two hundred and fifty thousand dollars to Georgetown. I, I would guess, and Georgetown would have been, would have been his choosing; New York University Medical School was between a half a million and a million dollars; Columbia Presbyterian
was in that range and that's in addition to, you know, the very, the UJA, Federation, the traditional New York Jewish charities. I think that he, I think he was really in the forefront of philanthropy, enjoyed it tremendously and contributed almost voraciously and the foundation is still there, there's eight million dollars in liquid assets producing a large amount of income. In perpetuity, that income will be given away and I guess we will always be known as a very philanthropic family, but the real philanthropy was my father's.

Q. Right. Okay. I think that's all I wanted to fill in on the record unless there's something else you're thinking, you would like to add to it.

A. No, I think that's, I think that's fine. I don't know if I left any organizations out but I think that there's a good ...

Q. No, I meant just in general in terms of topic that we discussed.

A. No, I think that's good.

Q. Alright. Thank you very much.
Title: Oral history project of the fashion industry leaders

Author: Schwartz, Richard

Imprint: [S.I. : s.n.], 1981.

Description: 77 leaves

Series: (Oral history project of the fashion industries ; v. 3, pt.1-2)

Call Number: 4th fl. -- Special collections TT139 .O73 v.3 pt.1-2 Library Use


Typescript (photocopy) of sound recording.

Open to researchers under library restrictions.

Person as Subject: Schwartz, Richard.


Add.Entry: Fashion Institute of Technology (New York, N.Y.)

Sys. no.: 000014102

http://seneca.sunyconnect.suny.edu:4690/F/63XCK97Y5J2XE3PC3H6IEY2IACA5TB... 12/3/2008
Transcripts housed in Special Collections:

1. No photocopying without written permission from the oral author or his designee. The Director of the Library will furnish addresses; the reader must write for permissions.

2. Written permission is needed to cite or quote from a transcript for publication. The user must send the Library Director the pertinent pages of final draft; the Director will assist in obtaining the final permission. The form of citation normally used is: "The Reminiscences of [name], (dates), pages [pages], in the Oral History Collection of The Fashion Institute of Technology." No fees will be charged for published use. User is asked to furnish Oral History Program with a copy of the published work.

3. In order to see PERMISSION REQUIRED or CLOSED memoirs, the reader must obtain the written permission of the oral author or his designee. Contact the Library Director for addresses. The reader writes for permissions. Written permission if obtained must be presented when the reader visits.