

**Ostriches:**  
Partner in Irvine group  
must pay \$890,000 for allegedly  
misusing investor money. Page 2

# Business

**Television:**  
CBS will acquire  
King World Productions Inc. in a  
\$2.5 billion stock deal. Page 3

The Orange County Register • Friday, April 2, 1999

INDEX ► ORANGE COUNTY/STATE 2 • NATION 3 • YOUR MONEY 3 • MARKETS 5-10 ► SUMMARY 6 • NYSE 7 • MUTUAL FUNDS 8 • NASDAQ 5

## St. John Knits, Wardy Jr. settle lawsuit

**COURTS:** The executive alleged the company unfairly fired him, then started smear effort.

By **GREG HARDESTY**

The Orange County Register

IRVINE — Two down, two to go.

St. John Knits and Amen Wardy Jr. have agreed to settle a pair of high-profile lawsuits that stemmed from the firing of Wardy last year as chief executive of the six-store Amen Wardy Home Stores chain.

The settlement was described by both sides as amicable. St. John owned 51 percent of the Wardy chain.

St. John still faces two lawsuits, one related to a steep drop in the share price of the women's fashion house last year, and the other over a proposed management-led buyout.

Under terms of Thursday's tentative settlement, expected to be finalized next week, St. John

will not be allowed to use the Amen Wardy name for its subsidiary or for the five stores it still controls.

Wardy Jr. and his father, Amen Wardy, were given control of the Las Vegas store. They also will relinquish their 49 percent stake in Amen Wardy Home Stores. The Amen Wardy Home Stores controlled by St. John are in South Coast Plaza in Costa Mesa, Boston, Dallas, Palm Beach, Fla., and Scottsdale, Ariz.

The settlement also calls for St. John to pay Wardy's legal expenses, according to Ron Rus, Wardy's attorney.

Bob Gray, chairman and chief executive of St. John, has said the company may close the Boston, Dallas and Palm Beach

Please see **WARDY** Page 4

# WARDY: His lawsuit alleged St. John wrongly blamed him for store woes

FROM 1 stores.

"We're pleased," said David Krinsky, a board member of St. John Knits and outside corporate counsel for the company. "This is an amicable business solution that allows both parties to pursue their own interests and not be entangled in a relationship that clearly wasn't working."

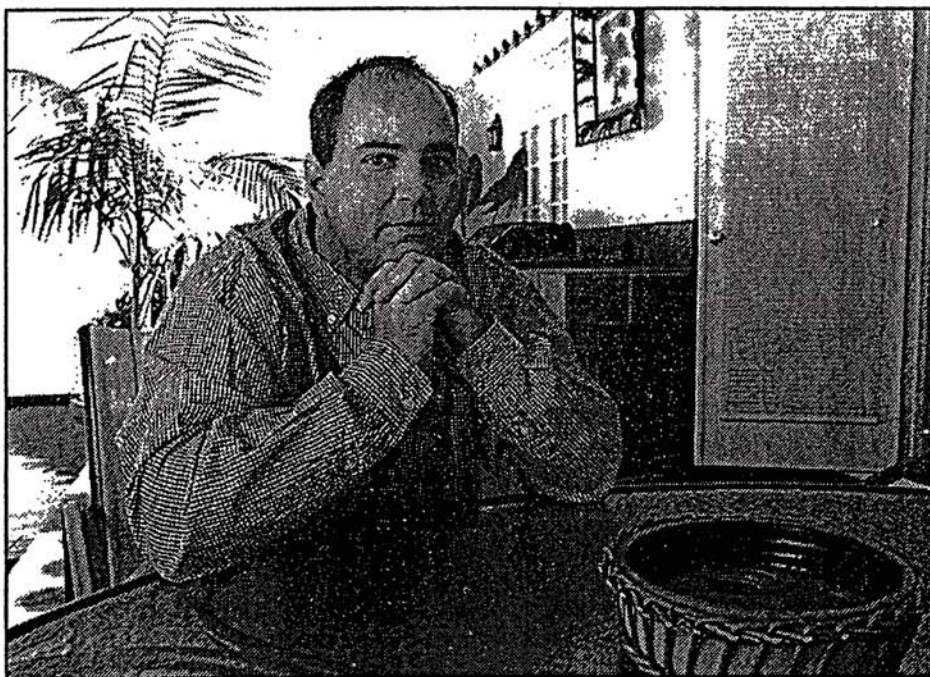
Krinsky said a new name hasn't been selected for the home stores, but said the change will be made soon.

"We're thrilled with the settlement," said Rus, an attorney with the Irvine law firm Rus, Miliband, Williams & Smith. "It allows the Wardys to get back to being creative and selling products that they believe are unique."

The Wardys plan to open more home stores under the Wardy name and also sell items over the Internet, according to Rus. In addition to the Las Vegas store, the Wardys have a store in Aspen, Colo., that was not part of the lawsuit.

In his lawsuit, Wardy Jr. alleged that he was wrongfully terminated. St. John maintained that he was fired because the stores were underperforming.

Wardy Jr. also alleged that the home stores were wrongfully blamed, in part, for St. John's disappointing performance last year, and that St. John conducted an "ugly smear campaign" to discredit Wardy Jr. after he was booted.



YGNACIO NANETTI/The Orange County Register

**A FRESH START:** Amen Wardy Jr., fired by St. John Knits as head of Amen Wardy Home Stores, settled with the company Thursday, leaving him and his father in charge of the Las Vegas namesake store.

## Two remaining lawsuits against St. John are in the preliminary stages at Orange County Superior Court.

The two remaining lawsuits against St. John are in the preliminary stages at Orange County Superior Court.

A shareholder lawsuit seeking class-action status alleges that

St. John misled investors about the extent of manufacturing and sales woes last year. They resulted in a dive in the price of St. John shares — to \$18 in August, after reaching about \$49 in April — and disappointing earnings.

St. John denies any wrongdoing.

The second lawsuit seeks to block a proposed \$520 million buyout of St. John by the Gray family and Vestar Capital Partners. Lawyers representing shareholders in that complaint say the offering price is too low, which St. John denies.