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Sanctioned Russian Bank Eyes Roberto Cavalli Fashion House

By The Moscow Times

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Roberto Cavalli

Sanctioned Russian investment bank VTB Capital is in negotiations to buy a controlling share in the fashion house of extravagant Italian designer Roberto Cavalli, Vedomosti reported Tuesday, citing a source in VTB's financial group and an individual close to the fashion house.

Cavalli, known for his opulent evening gowns, sand-blasted jeans and love of exotic designs, told Italian newspaper La Repubblica last week that he was in negotiations with Russian investors.

"[Russian investors] are showing a lot of interest, but for now we are far from concrete agreements," Cavalli said.

Fashion industry journal Women's Wear Daily, or WWD, on Monday reported the possibility of a deal with VTB Capital, citing unidentified sources who pegged the sum at more than 500

million euros ($667 million).

Roberto Cavalli's entire company is valued at about 830 million euros ($1.1 billion), WWD's sources said.

As part of state-owned VTB, Russia's second-largest banking group, VTB Capital was blacklisted by the U.S. and European Union in late July in the latest rounds of Western sanctions aimed at pressuring Russia into changing courses in Ukraine.

The measures barred some of Russia's largest banks from buying or selling new bonds and equity with a maturity period of longer than 90 days to investors in the EU and U.S.

Cavalli has been seeking an investor for more than five years, but has so far failed to close a deal due to disagreements over how the company will be managed, according to the Financial Times.

WWD's sources said that Cavalli was also discussing the issue of management with VTB Capital, including how the change in ownership will affect the role that Cavalli's wife plays in the business.

Cavalli has credited his wife Eva — who he met during a Miss Universe pageant, at which she was a contestant for Austria and he was a judge — with resurrecting his brand in the early 1990s after a period of stagnation.

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