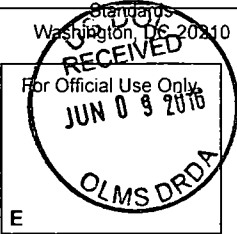


EMPLOYER REPORT

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT

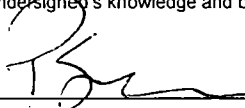



Part A 622534

1. File Number E- <input type="text" value="67197"/>		2. Fiscal Year Covered From: <input type="text" value="01"/> / <input type="text" value="01"/> / <input type="text" value="2015"/> Through: <input type="text" value="12"/> / <input type="text" value="31"/> / <input type="text" value="2015"/>	
3. Name and address of Reporting Employer (inc. trade name, if any). Employer: <input type="text" value="American Apparel (USA), LLC"/> Trade Name: <input type="text"/> Attention To: <input type="text" value="Paula"/> <input type="text" value="Schneider"/> Title: <input type="text" value="CEO"/> Mailing Address: P.O. Box, Bldg., Room No., if any: <input type="text"/> Street: <input type="text" value="747 Warehouse Street"/> City: <input type="text" value="Los Angeles"/> State: <input type="text" value="California"/> ZIP Code + 4: <input type="text" value="90021"/>		4. Name and address of President or corresponding principal officer, if different from address in Item 3. Name: <input type="text"/> P.O. Box, Building and Room Number, If any: <input type="text"/> Street: <input type="text"/> City: <input type="text"/> State: <input type="text"/> ZIP Code + 4: <input type="text"/>	
5. Any other address where records necessary to verify this report will be available for examination. Name: <input type="text"/> Title: <input type="text"/> Organization: <input type="text"/>		6. Indicate by checking the appropriate box or boxes where records necessary to verify this report will be available for examination. <input checked="" type="checkbox"/> Address in Item 3 <input type="checkbox"/> Address in Item 4 <input type="checkbox"/> Address in Item 5	
P.O. Box, Building and Room Number, If any: <input type="text"/> Street: <input type="text"/> City: <input type="text"/> State: <input type="text"/> ZIP Code + 4: <input type="text"/>			
7. Type of organization. <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Other (specify) <input type="text" value="Limited Liability Company"/>			

Signatures

Each of the undersigned, duly authorized officers of the above employer declares, under penalty of perjury and other applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section VIII on penalties in the instructions.)

13. Signed  President (if other title, see instructions)  
Title:   
  
On / /    
Date Telephone Number

14. Signed  Treasurer (if other title, see instructions)  
Title:   
  
On / /    
Date Telephone Number

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Name of Reporting Employer: American Apparel (USA), LLC

File Number E- 67197

## 8. Type of Reportable Activity Engaged In By Employer

Read the following questions and the accompanying instructions carefully, taking into consideration the exclusions listed in the instructions for these items, and check either "Yes" or "No" for each item. For each item that is answered "Yes", you must attach a Part B which appears on Page 3. Complete a separate Part B for each "Yes" answer to any of Items 8.a. through 8.f. Also, if the answer is "Yes" for more than one person or organization, complete a separate Part B for each person or organization. If you answer "Yes", enter the number of Part Bs that are submitted for that item in the line indicated.

## DURING THE FISCAL YEAR COVERED BY THIS REPORT:

	YES	NO	If "Yes", number of Part Bs attached
8.a. Did you make or promise or agree to make, directly or indirectly, any payment or loan of money or other thing of value (including reimbursed expenses) to any labor organization or to any officer, agent, shop steward, or other representative or employee of any labor organization?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
8.b. Did you make, directly or indirectly, any payment (including reimbursed expenses) to any of your employees, or to any group or committee of your employees, for the purpose of causing them to persuade other employees to exercise or not to exercise, or as to the manner of exercising, the right to organize and bargain collectively through representatives of their own choosing without previously or at the same time disclosing such payment to all such other employees?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
8.c. Did you make any expenditure where an object thereof, directly or indirectly, was to interfere with, restrain, or coerce employees in the right to organize and bargain collectively through representatives of their own choosing?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
8.d. Did you make any expenditure where an object thereof, directly or indirectly, was to obtain information concerning the activities of employees or of a labor organization in connection with a labor dispute in which you were involved?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
8.e. Did you make any agreement or arrangement with a labor relations consultant or other independent contractor or organization pursuant to which such person undertook activities where an object thereof, directly or indirectly, was to persuade employees to exercise or not to exercise, or as to the manner of exercising, the right to organize and bargain collectively through representatives of their own choosing; or did you make any payment (including reimbursed expenses) pursuant to such an agreement or arrangement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1
8.f. Did you make any agreement or arrangement with a labor relations consultant or other independent contractor or organization pursuant to which such person undertook activities where an object thereof, directly or indirectly, was to furnish you with information concerning activities of employees or of a labor organization in connection with a labor dispute in which you were involved; or did you make any payment pursuant to such agreement or arrangement?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0

TOTAL NUMBER OF PART Bs FOR THIS REPORT IS 1

Part B

Name of Reporting Employer: American Apparel (USA), LLC	File Number E- 67197
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Check Item Number (from Page 2) to which this Part B applies	ITEM 8.a <input type="checkbox"/>	ITEM 8.b <input type="checkbox"/>	ITEM 8.c <input type="checkbox"/>	ITEM 8.d <input type="checkbox"/>	ITEM 8.e <input checked="" type="checkbox"/>	ITEM 8.f <input type="checkbox"/>
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<p>9.a. <input type="checkbox"/> Agreement    <input type="checkbox"/> Payment    <input checked="" type="checkbox"/> Both</p>	<p>9.c. Position in labor organization or with employer (if an independent labor consultant, so state).  <u>Independent Labor Consultant</u></p>
<p>9.b. Name and address of person with whom or through whom a separate agreement was made or to whom payments were made.</p> <p>Name <u>Lupe</u> <u>Cruz</u></p> <p>P.O. Box, Building and Room Number, if any  <u>10201</u></p> <p>Street <u>Trademark St., #C</u></p> <p>City <u>Rancho Cucamonga</u></p> <p>State <u>California</u>    ZIP Code + 4 <u>91730</u></p>	<p>9.d. Name and address of firm or labor organization with whom employed or affiliated.</p> <p>Organization  <u>Cruz &amp; Associates</u></p> <p>P.O. Box, Building and Room Number, if any  <u>10201</u></p> <p>Street <u>Trademark St., #C</u></p> <p>City <u>Rancho Cucamonga</u></p> <p>State <u>California</u>    ZIP Code + 4 <u>91730</u></p>

<p>10.a. Date of the promise, agreement, or arrangement pursuant to which payments or expenditures were agreed to or made.</p> <p><u>09/04/2015</u></p>	<p>10.b. The promise, agreement, or arrangement was:</p> <p><input type="checkbox"/> Oral    <input checked="" type="checkbox"/> Written*    <input type="checkbox"/> Both</p> <p>(*Written agreements entered into during the fiscal year must be attached.)</p>
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11.a. Date of each payment or expenditure ( mm/dd/yyyy ).	11.b. Amount of each payment or expenditure	11.c. Kind of each payment or expenditure (Specify whether payment or loan, and whether in cash or property)
<u>09/04/2015</u>	<u>150,000</u>	<u>Payment via wire transfer</u>
<u>09/15/2015</u>	<u>120,000</u>	<u>Payment via wire transfer</u>
<u>09/21/2015</u>	<u>82,343</u>	<u>Payment via wire transfer</u>
<u>09/28/2015</u>	<u>50,000</u>	<u>Payment via wire transfer</u>
<u>12/07/2015</u>	<u>60,000</u>	<u>Payment via wire transfer</u>

12. Explain fully the circumstances of all payments, including the terms of any oral agreement or understanding pursuant to which they were made.

See terms of written agreement.



Agreement For Professional Services

September 4, 2015

In accordance with our conversation and mutual agreements, this letter agreement (the "Agreement") will confirm that American Apparel, Inc. has retained Cruz & Associates Inc. on behalf of itself and American Apparel (USA), LLC (collectively, "you" or "American Apparel") to provide consulting services with respect to your labor relations matters (our "Services").

Our fees are typically charged on an hourly basis, calculated in minimum units of one-half hour, for all time actually expended rendering our Services including travel time one way. Our rates are subject to review on January 1 of each year and are available upon request.

Our Services will include any time incurred in connection with our testifying in any proceeding relating to you, whether such testimony is voluntary or is compelled. You will also be billed for our reasonable and customary out-of-pocket expenses incurred in rendering our Services, including overnight lodging, coach-class airfare, ground travel, meals, and messenger, telephone, translation costs, research, duplicating charges and other materials that are not billed directly to you.

On the date the parties execute this Agreement, you will provide us with a retainer (as subsequently replenished, the "Retainer") in a mutually agreed upon amount. The Retainer will be held in a segregated non-interest bearing account and, notwithstanding any dispute over fees or expenses, will be applied and replenished as follows: (i) on Thursday of each week we will (a) calculate the total amount of fees and expenses incurred for the week commencing on the prior Monday and ending on the following Sunday (the "Incurred Fees"), and (b) project the total amount of fees and expenses that we anticipate will be incurred for the seven day period beginning on the following Monday (the "Weekly Projection"); (ii) we will endeavor to communicate the amount of both the Incurred Fees and the Weekly Projection to you prior to 4:00 pm PST each Thursday; (iii) simultaneous with our communication to you of the Incurred Fees, we will apply said amount against the Retainer so that all of our fees and expenses for the week are paid in full; (iv) prior to the close of business on the following Monday, you will issue and deliver to us a check replenishing the Retainer in an amount equal to the Weekly Projection. Amounts held in the Retainer shall be held in trust exclusively for the benefit of American Apparel. We reserve the right to apply any portion of the Retainer to satisfy outstanding amounts owed to us and to discontinue our services until

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you provide us with funds to restore the retainer. Upon conclusion of this engagement and after payment of all of our fees and expenses, we will return to you, without interest, any unearned portion of the Retainer. In no event shall Cruz & Associates incur fees and expenses that exceed a total of Four Hundred Thousand Dollars (\$400,000) during the engagement period without the prior written approval of Chief Executive Officer Paula Schneider.

We operate on the principle that we endeavor to deliver the best possible services in a timely fashion and at a reasonable price. In return, we request that upon receipt from us of each request for payment, you promptly determine if you have any questions or comments. If you do, please call me directly. Any amounts not paid within 7 days of request for payment will bear interest at the rate of 1.5% per month.

If an Insolvency Proceeding (as defined below) arises, (1) we understand that this retention and the terms hereof will be subject to approval by the applicable Bankruptcy Court, and (2) we will cooperate with any efforts American Apparel to obtain such approval, including but not limited to aiding in the preparation of an application for our retention to be filed with the Bankruptcy Court. "Insolvency Proceeding" shall refer to any occasion where: (a) you file a petition in bankruptcy; (b) you are adjudicated a bankrupt; or (c) you have a petition in bankruptcy filed against you that is not discharged within 60 days.

During the course of our Services, and upon your request, we will attempt to keep you fully advised as to the status and progress of the matters in which we are involved, including our view of your rights and potential liabilities or exposure, and our recommendations as to an appropriate course of action in view of the facts, circumstances and issues involved. We will send you copies of all substantive correspondence and other documents generated in the course of rendering our Services. Upon your request we will also provide you with our best estimate of future fees and expenses that you may anticipate for our Services.

However, we must emphasize that we have not made, and cannot make, any representations or guarantees regarding the outcome of any matter or the actual amount of the fees or expenses you will incur for our Services. Often, the results obtained in a labor matter, and our fees and expenses, are determined by external factors beyond our control. In addition, please note that we are not attorneys and accordingly we cannot provide you with legal advice in the course of rendering our Services. You should retain the services of experienced labor counsel in order to obtain legal advice in connection with labor matters.

In the event any dispute arises between us regarding fees or expenses, or the rendering of our Services, we mutually agree that such dispute shall be submitted to final and binding arbitration before a single arbitrator pursuant to the Commercial Arbitration Rules and Mediation Procedures ("Rules") of the American Arbitration Association ("AAA"). Such arbitration shall be held in San Bernardino County, California, and each of us consents to the jurisdiction of the San Bernardino Superior Court in connection with matters ancillary to the arbitration proceedings. We both agree that the AAA and the

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AAA arbitrator assigned to the matter may proceed in the absence of a non-appearing party as provided for in the Rules. In any such arbitration, the arbitrator shall be instructed to award to the prevailing party its actual attorneys' fees and expenses incurred in connection with such arbitration. Notwithstanding any of the foregoing, however, any dispute arising from this Agreement or our retention following approval by the Bankruptcy Court (as discussed above), shall be adjudicated exclusively by, and subject to the exclusive jurisdiction of, the Bankruptcy Court (or, if such Court lacks jurisdiction, the District Court for the District in which the Bankruptcy Court presides).

It would be our strong desire that you not hire any of our consultants or employees. However, should you hire any of our consultants or employees who you knew or should have known provided Services to you, either while we are providing Services, or for a six month period after we cease performing Services, you will pay us a finder's fee of 20% of the person's first year total compensation with your company,

In the event any third party brings any claim or action against Cruz & Associates relating to or arising out of our Services you agree to indemnify, defend at your expense, and hold harmless Cruz & Associates, Inc., and its agents and employees, to the maximum extent permitted under applicable law. If our actions involve willful misconduct or gross negligence, then the Company will not have any obligation under this indemnification provision. The determination as to whether we have engaged in willful misconduct or gross negligence shall be subject to the arbitration provision of this Agreement.

With the exception of the following obligations: payments for services rendered, reimbursement for expenses incurred, indemnification, and arbitration of disputes, this Agreement shall terminate upon the receipt of written notice of termination provided by either party to the other.

Cruz & Associates will not disclose to any third party any information regarding the existence, negotiations or terms of this Agreement, except that Cruz & Associates may disclose this information to its attorneys, accountants or other professional advisors to whom it must make the disclosure in order for them to render professional services. Notwithstanding this paragraph, this Agreement may be disclosed to a court, arbitrator or government agency as necessary to effectuate its terms (including to the Bankruptcy Court, as discussed above) or as may be required by applicable law or to a governmental agency in connection with any claim, charge or investigation.

As a condition to the effectiveness of this Agreement, Cruz & Associates will execute and deliver to American Apparel, Inc., a non-disclosure agreement ("Confidentiality Agreement").

You acknowledge that both Cruz & Associates and your organization may be required to file certain reports regarding our activities with the U.S. Department of Labor.

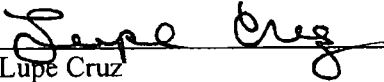
This letter Agreement embodies the entire Agreement between Cruz & Associates and American Apparel with respect to the subject matter herein and supersedes all prior agreements and understandings relating to the subject matter herein. If the terms of our

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*jc*  
*dy*

engagement set forth in this letter Agreement are satisfactory to you, please evidence your acceptance by initialing and signing the enclosed copy of this letter and returning it to us by fax at (909) 980-8536; and please mail us the copy bearing your initials and signature. We will initial and sign the hard copy and mail you a copy for your records.

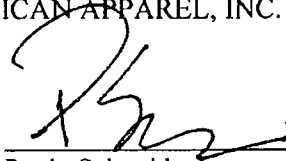
Respectfully,

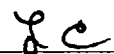
CRUZ & ASSOCIATES, INC.

By:   
Lupe Cruz  
CEO

The foregoing letter agreement letter has been reviewed by the undersigned and its terms are hereby agreed to and accepted this 4 day of September, 2015:

AMERICAN APPAREL, INC.

By:   
Paula Schneider  
Chief Executive Officer

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