

CALIFORNIA Apparel News

THE VOICE OF THE INDUSTRY FOR **73** YEARS

\$2.99 VOLUME 74, NUMBER 40 SEPTEMBER 28-OCTOBER 4, 2018

The U.S. Economy Cruises Along but With Speed Bumps Down the Road

By Deborah Belgum *Executive Editor*

Could the U.S. economy be partying like there's no tomorrow only to be faced with a hangover in two years?

That is entirely possible, according to the most recent UCLA Anderson Forecast, the report from the **University of California, Los Angeles**, which took a look at the U.S. economy for the third quarter of 2018 and beyond.

The forecast, released Sept. 26, said all signs right now point to a vibrant economy marching along through this year and next, fueled by tax cuts, spending increases and low unemployment. That will translate into a healthy 3 percent uptick in the nation's gross domestic product this year followed by 2 percent GDP growth next year and then ratcheting down to 1 percent GDP growth in 2020.

But those economic stimuli will peter out in 2020, and a federal deficit totaling more than \$1 trillion a year will be the burden the country will be hauling around for years to

➔ **Economy** page 5

INDUSTRY FOCUS: FINANCE

How Tariffs on Chinese Products Are Affecting the Manufacturing and Retail Community

By Deborah Belgum *Executive Editor*

Now that the Trump administration's \$200 billion of additional tariffs have gone into effect on thousands of Chinese imports, the apparel and retail industries are figuring out what to do next. Covered in this round of tariffs are buttons, bobbins, yarns, embroidery, textiles, handbags and leather. Apparel is not part of the equation yet.

On Jan. 1, the 10 percent tariffs jump to 25 percent, and the Trump administration is threatening to impose another round of tariffs totaling \$267 billion, which means just about everything imported from China will have a higher tariff.

We talked to several finance experts and factors about

➔ **Finance** page 6

INSIDE

Where fashion gets down to businessSM



Road Twenty-Two shutters ... p. 2

CMC events ... p. 4

What's Checking ... p. 8

New Lines ... p. 12

Finance Resources ... p. 13

www.apparelnews.net



CHRIS MARTIN

Background: Robert Kaufman Fabrics; Clockwise from left: EKB Textiles, Cinergy Textiles, Inc., Fabric Selection Inc., Texollini

FALL COLORS

Fall 2019 is in the air with these print designs that are infused with delicately bright colors and tones. For more textile trends, see page 10.

Court Tells Dov Charney to Pay Nearly \$20 Million to Hedge Fund

By Deborah Belgum *Executive Editor*

The Delaware Supreme Court upheld an early court ruling that Dov Charney, the founder of **American Apparel**, must repay \$19.5 million to **Standard General**, a New York hedge fund.

Court documents said that Standard General extended the loan to Charney to buy more of his company's stock to regain control of the company that later ousted him as chief executive in 2014 and declared bankruptcy twice. After the last bankruptcy in 2016, the brand's name was sold for \$88 million to **Gildan Activewear**, a Montreal company that has since shifted most of the label's T-shirt production from Los Angeles to Honduras.

At its peak, American Apparel's factories, warehouse and retail stores around the world employed 11,000 people, Charney said. Some 3,500 factory workers in downtown L.A. were laid off after the company's last bankruptcy.

The Delaware Supreme Court ruling on Sept. 24 upheld a previous ruling from the Delaware Chancery Court in December. In that December ruling, the court ruled that verbal agreements Charney claimed he made with Standard General, in which he said he would hand over additional American Apparel shares he bought with the loan, didn't overrule written agreements he signed.

Charney, who went on to found **Los Angeles Apparel** in south Los Angeles, said he doesn't have that kind of money to repay the loan. "I don't have any funds. There is nothing to get from me," he said. "Los Angeles Apparel is controlled by a trust controlled and funded by my family and hundreds of other investors. I am only providing CEO services."

A Standard General spokesperson declined to comment on the recent court ruling.

Charney said he is currently concentrated on growing his new company, which now has some 400 employees who are mostly former American Apparel workers being paid the \$13.25-an-hour minimum wage.

The company manufactures mostly T-shirts and sweatshirts for entertainment brands and the **U.S. Army**, Charney said. It is expected to generate revenues next year of about \$25 million to \$30 million. "We are open every day. We have two shifts. We work from 6 a.m. to 1 a.m. We are pulling the rope as hard as we can."

Still in litigation is a lawsuit filed in 2015 by Dov Charney in Los Angeles County Superior Court against Standard General and former American Apparel executives for fraud and conspiracy. That lawsuit was put on hold while the Delaware courts ruled on the other legal matter. ●

Sanctuary Creates Smarter Sustainable Manufacturing for Spring '19 Collection

By Dorothy Crouch Associate Editor

Ahead of its Spring 2019 launch, Los Angeles women's lifestyle brand **Sanctuary** announced its "Smart Creation" production process, which will build the brand's reputation for environmental and social responsibility.

"It's something that we want to make part of our product line and culture moving forward," Debra Polanco, chief creative director, said. "We definitely think the time is now. Three years ago, when the **United Nations** members inked the Sustainable Development Goals for 2030, it was the beginning for our industry—the call to action."

While the team at Sanctuary has established its role as a conscientious force that doesn't back down from important issues, the Smart Creation initiative shows how the brand is practicing the message it preaches.

Based upon three core practices—a smarter wash process, using low-impact fibers and incorporating polyester content from recycled water bottles—the process reduces the high water consumption, chemical usage and energy expenditure that are typical environmental threats caused by the fashion industry.

"We are using a process called e-Flow, which requires 95 percent less water, approximately 90 percent fewer chemicals and 40 percent less energy, and the washes are beautiful," Polanco said as she discussed her adoption of the nanobubble wash technology from Spanish company **Jeanologia** for the new Sanctuary denim collection. "That was one maker and one wash house, but now we're seeing that everyone is starting to look into getting this equipment."

Cleaning up the wash process during

denim production is a big task for apparel manufacturers, but Sanctuary was interested in implementing green manufacturing practices across all product categories. The company sought to incorporate environmentally sound practices at the first steps in production by sourcing more-responsibly made textiles such as organic cotton, **Tencel** and **Repreve**.

"The other initiative for us in our Smart Creation initiative is the recycled-water-bottle polyester," Polanco said. "The low-impact fibers in the Spring collection are the Tencel and linen products. For Summer 2019, we're introducing some organic cotton and for next Fall there will be more, as well as the Repreve."

Once the company identified the areas in which it could reduce its environmental impact, Sanctuary wanted to implement the new initiative immediately. The brand worked with its partners to address changes in production and, fortunately, the transition didn't require Sanctuary to reexamine its partnerships.

"We didn't have to change any partners," Polanco said. "Everyone is bringing things to the table, which is great, and every product division came up with its own ideas."

Through working with a global network of manufacturing partners that includes companies in the United States, Morocco, Vietnam and Portugal for knits, wovens and outerwear and Mexico and China for its denim, Sanctuary has accepted a large undertaking to adhere to a sustainable mission. Moving forward, Sanctuary wants its brand to be associated with cleaner apparel production, meaning the company is ready to hold its partners accountable.



"There is protocol for all of our factories—they all have to be certified," Polanco said. "Now, in some of the fibers, we are asking for certificates as well. Everyone is willing to be transparent."

After attending the latest edition of **Première Vision Paris**, held Sept. 19–21, Polanco was optimistic about the eco-conscientious direction the industry is taking as she continues to steer Sanctuary toward greener practices.

"Being at the show, there were mills that would say, 'Do you want regular cotton or organic?' or 'Do you want recycled poly or regular?'" she recalled. "For the same price, do you have to ask?"

In the past, brands might have complained about the difficulty and high costs associated with implementing sustainable measures into their production. While other companies might view investing in greener practices as a financial burden, Polanco reveals that the costs to produce the Spring 2019 line—which wholesales from \$18 for a T-shirt to \$72 for a jacket, with denim starting at \$45—weren't much higher than her former manufacturing methods.

"It didn't affect our costs at all for Spring," she said. "It wasn't a big difference."

With the rollout of its more ecological approach to making apparel, pieces from the Sanctuary collection will include Smart Creation-branded tags explaining how the com-



pany is improving its production practices.

As a gift for certain customers, the brand also created reusable shopping bags made from its upcycled denim. While the company is still finalizing marketing details for its Spring 2019 campaign, Polanco is ready to talk about how this new initiative will fit into future collections, such as utilizing recycled-plastic-bottle polyester to create its faux fur for the first time.

"You'll see a lot more for Fall," she said. "As the mills continue to document processes and weave it into their cultures, it makes our jobs as designers and manufacturers easier." ●

HARICASUALS

Since 1976, we've manufactured 100 percent **Women's linen clothing**, both missy and plus sizes, in Los Angeles.



We've sold our pieces both wholesale and retail. We have a large following of very loyal customers.

We are selling our Website, along with everything it takes to make this business run. We will introduce you to our vendors that make our business possible. We are able to provide training, and any other insight we have on how to run a successful Women's wholesale and retail business.

Owner is looking to retire and pass along his legacy to someone interested in fashion and looking to succeed.

Please check out haricasuals.com to get an idea of what we produce.

Please contact Hari with any questions at 310-710-3979 or haricasuals@yahoo.com.

NEWS

Road Twenty-Two, a T-shirt Line With a Message, Closes Its Doors

Road Twenty-Two, a socially conscious San Francisco brand, announced that after four years it is shutting down its business.

Since 2014, the T-shirt line has designed luxury tees while giving jobs to former female prisoners, who helped package the T-shirts at a sewing facility in the San Francisco Bay Area. The brand was named after Road 22, the main state route to the **Central California Women's Facility** in Chowchilla, the largest female correctional facility in California.

The brand, which retailed from \$60 to \$80, was sold to more than 200 contemporary boutiques. It made mostly women's T-shirts but some men's looks too, which were worn by stars including Hugh Jackman. But that wasn't enough to keep the brand going, and its closure was announced on Sept. 13, said Fif Ghobadian, the co-founder and chief executive officer.

"We had an impact but not enough of an impact to keep going," Ghobadian said. She and a handful of people who managed the company and did sales were never able to make enough money to leave their day jobs, and the people who the brand was helping needed more attention. "You needed to be

there every day," Ghobadian said. "The complexities were greater, and the need for funding was greater than what we needed to do."

Ghobadian started the brand with Alice Larkin Cahan, who worked as a stylist and had a background in fashion design. The label's tops featured a range of silhouettes, such as tank tops, crew necks and long-sleeved T-shirts. The brand offered basic tops as well as tops with pop-up-style images and statements such as "Feminist" as well as humor such as "You can't make everyone happy. You are not an avocado."

Mission statements also were printed inside the brand's T-shirts. One statement said: "High-end urban clothing made with the belief that who you are matters and what you wear matters."

Political considerations were also a part of the brand's business. It made T-shirts for Gavin Newsom's first gubernatorial campaign in 2016.

Ghobadian, who will work as a mortgage-loan officer, said there are currently no plans to revive the brand. Road Twenty-Two will have a liquidation sale at **The Garage**, located at 2955 Geary Blvd. in San Francisco Oct. 6–7.—*Andrew Asch*



ENDLESS OPPORTUNITIES
 FOR YOUR LIFESTYLE BUSINESS

STYLE

ASIA'S MOST STYLISH FAIR

FASHION | GIFT&HOUSEWARE | FURNITURE

BIFF&BIL

BIG+BIH

TIFF

17 - 21 OCTOBER 2018
 @ BITEC, BANGKOK, THAILAND



California Market Center Outlines Events for October

The **California Market Center** has a number of textile, apparel and footwear trade shows and events taking place in October for the Spring/Summer 2019 season.

Here's a look at what's going on at the building, located at 110 E. Ninth St.

Los Angeles Majors Market

This Oct. 1–3 event has showrooms introducing their Spring/Summer 2019 lines to the major department store buyers on the hunt for new merchandise. On Monday, Oct. 1, there will be a hosted brunch at the buyer lounge in the courtyard after the **Directives West** fashion show being held inside the Fashion Theater.

There are also hosted lunches in select CMC showrooms.

Los Angeles Textile Show

The top floor of the CMC in both the A and B buildings will be occupied by the Oct. 3–5 Los Angeles Textile Show, where scores of textile companies will set up booths to introduce their latest innovations and designs.

Knit Wit magazine will have a lounge for buyers where the publication will showcase the latest developments in fiber arts and crafts.

On the first day of the show, there will be a hosted breakfast and on the second day there will be a hosted lunch for preregistered attendees at the buyers lounge in the courtyard. Coffee and a happy hour will be hosted on the Los Angeles Textile Show floor.

On Oct. 3, there will be a one-day conference on the future of fashion. **Le FrenchLab** will discuss smart, sustainable, ethical and vegan fashion with **Fashion Revolution**, **People for the Ethical Treatment of Animals** and industry experts. The conference begins at 11 a.m. on the 13th floor of the A building.

In addition, the Le FrenchLab and Fashion Revolution will have a lounge area open during all three days of the show. There will be a presentation of sustainable brands and resources, a library of eco materials and a curated presentation of fashion pieces for sustainability inspiration.

Also on Oct. 3, there will be a number of seminars at the show on textile topics relevant to manufacturers, brands and buyers.

They are free for all registered attendees and exhibitors.

On Oct. 4, there will be a one-day forum in the Fashion Theater on sustainable fashion and textile processes and practices, providing fashion businesses a way to lead in sustainability, ethical responsibility and climate change. There will be speakers from **Reformation**, **Levi Strauss**, **Patagonia**, **Conscious Chatter** and more.

Discounted tickets are available at www.fashiondex.com/forum. Use the code CMC.

Los Angeles Fashion Market

Los Angeles Fashion Market will be held throughout the CMC building Oct. 8–10.

During the three-day show, **Chinese Laundry** shoes and **BuddyLove** contemporary clothing will host a special pop-up in the Ninth Street plaza area of the building.

In addition, there will be a hosted breakfast for preregistered attendees on the first and second day of the show in the buyers lounge in the courtyard.

New to the three-day Los Angeles Fashion Market is **Label Array**, which is replacing the previous shows called **Select** and **Transit**. The show of women's and children's apparel, accessories, footwear, gifts, home and beauty will be held on the 13th floor of the CMC.

The **LA Kids Market** will also be held, mostly on the sixth floor, where a majority of the childrenswear showrooms are located.

The **LA Men's Market** will take place Oct. 9–10, located primarily on the fourth floor.

For the first time, there is a **Boutique Hub x CMC Retail Summit**, being held Oct. 7–9. On the first night, there will be a welcome cocktail party at the **Ace Hotel** and a VIP retailer dinner at the **Tuck Hotel**, both located one block away from the California Market Center.

Then there are a series of retail panels at the CMC, tours through the showrooms taking part in Los Angeles Fashion Market and Label Array and an introduction to the surrounding showroom buildings and other buying resources in the **Los Angeles Fashion District**. For more information, visit www.thebosutiquehub.com/business/events.

Print
+ Online
+ Archives
= Total Access



Get Yours Today
and Save 75%!
Call toll-free
(866) 207-1448

CALIFORNIA
ApparelNews

Calendar

Oct. 1

Coast
The Moore Building
Miami
Through Oct. 2

LA Majors Market
California Market Center
Los Angeles
Through Oct. 2

Oct. 3

LA Textile Show
California Market Center
Los Angeles
Through Oct. 5

Oct. 4

Fashiondex Sustainable Fashion Forum
California Market Center

Los Angeles

Oct. 8

Los Angeles Fashion Market
California Market Center
The New Mart
Cooper Design Space
Gerry Building
Lady Liberty Building
Academy Awards Building
Primrose Design Building
824 Building
Los Angeles
Through Oct. 10

Designers and Agents
The New Mart
Los Angeles
Through Oct. 10

Brand Assembly
Cooper Design Space
Los Angeles

Through Oct. 10

Label Array
LA Kids Market
California Market Center
Los Angeles
Through Oct. 10

Oct. 9

Lunch & Learn: Life Before and After PLM sponsored by CentricSoftware
Ignited Spaces, Fashion District
Los Angeles

There's more
on ApparelNews.net

For calendar details and contact information, visit ApparelNews.net/events.

Submissions to the calendar should be faxed to the Calendar Editor at (213) 623-5707. Please include the event's name, date, time, location, admission price and contact information. The deadline for calendar submissions is the Tuesday prior to Friday publication. Inclusion in the calendar is subject to available space and the judgment of the editorial staff.

POSTMASTER: Send address changes to: CALIFORNIA APPAREL NEWS, Customer Service, PO Box 4419, Orlando, FL 32802. **CALIFORNIA APPAREL NEWS** (ISSN 0008-0896) Published by TLM PUBLISHING INC. APPAREL NEWS GROUP Publishers of: *California Apparel News*, *Market Week Magazine*, *New Resources*, *Waterwear*, *New York Apparel News*, *Dallas Apparel News*, *Apparel News South*, *Chicago Apparel News*, *The Apparel News (National)*, *Bridal Apparel News*, *Southwest Images*, *Stylist* and *MAN (Men's Apparel News)*. Properties of TLM PUBLISHING INC., California Market Center, 110 E. Ninth St., Suite A777, Los Angeles, CA 90079, (213) 627-3737. © Copyright 2018 TLM Publishing Inc. All rights reserved. Published weekly except semi-weekly first week of January, second week of July and first week of September. Periodicals Postage Paid at Los Angeles, CA, and additional entry offices. The publishers of the paper do not assume responsibility for statements made by their advertisers in business competition. Opinions expressed in signed editorial columns or articles do not necessarily reflect the opinions of the publishers. Subscription rates: U.S.: 1 year, \$89; 2 years, \$140. Foreign: \$180 U.S. funds (1-year subscription only). Single-copy price \$2.99. Send subscription requests to: California Apparel News, Customer Service, PO Box 4419, Orlando, FL 32802 or visit www.apparelnews.net. For customer service, call (866) 207-1448.

n:Philanthropy Launches First West Coast Showroom at Cooper Design Space

By Dorothy Crouch Associate Editor

After launching her Los Angeles brand **n:Philanthropy** in 2014, Yvonne Niami has finally opened her first West Coast showroom at the **Cooper Design Space** in downtown Los Angeles.

The love Niami has for the building dates back to her childhood when she would accompany her uncle—who worked in fashion—during trips to the historic structure. While her admiration for the building stems from fond memories, as the owner of a fashion label Niami recognizes the potential of being surrounded by other well-known brands.

“The foot traffic is fantastic because there are so many other great showrooms,” she said. “If a buyer is there to see a different client, they could always come see us on the eighth floor.”

For its official launch on Sept. 24 in suite 817, n:Philanthropy unveiled its 600-square-foot space. Measuring the same size as the brand’s SoHo showroom in New



Yvonne Niami and her dog, Paris

York City, the n:Philanthropy’s Los Angeles space provides a West Coast home to two full-time salespeople. Prior to the showroom’s launch, the fashion line’s salespeople fielded a growing demand for the line by taking their appointments on the road.

“As the brand grew and we were doing a lot of business on the West Coast, our salespeople were doing a lot of road appointments,” Niami explained. “We’re very lucky that the brand has done so well that we needed to have an ample showroom where people could come.”

Counting retail partners such as **Revolve**, **Saks Fifth Avenue**, **Nordstrom** and **Bloomingdale’s** among its clientele, n:Philanthropy produces women’s and men’s contemporary lines that rely on high-end basics. Wholesale price points start at \$36 for T-shirts and increase to \$90 for sweatpants.

In addition to having a space to present her line to existing and potential retail partners on the West Coast, Niami wanted to have a permanent space for important industry events,

such as the **Brand Assembly** trade show, which takes place Oct. 8–10 on the top floor of the Cooper Design Space.

“We’ve been doing L.A. Brand Assembly for a long time, but we used to just rent a space at the Cooper building during the show,” she said. “Now we have our own showroom there. We’re excited for our first L.A. Brand Assembly in our own showroom.”

With its local designers and manufacturing partners, most of the work on n:Philanthropy takes place in Los Angeles. By including distressed necklines, strategically placed cutouts and featuring cool—yet comfortable—fabrics,



Entrance of n:Philanthropy’s Los Angeles showroom

Niami shows the influence of Los Angeles in her pieces.

“Having a bigger presence in Los Angeles is something that we are very excited about,” she said. “We love L.A. Most of us live here. It’s fun to have a bigger presence here with the showroom.”

Through her fashion line, Niami is able to outfit customers in chic, comfortable clothes, but her mission is rooted in aiding important causes. The company was founded upon the mission of philanthropy by creating pieces that give back. The brand donates 10 percent of its net proceeds to charities including **Children’s Hospital Los Angeles** and the **Society for the Prevention of Cruelty to Animals Los Angeles**.

“Those are the two charities that I’ve always been passionate about, even before I had a fashion brand,” Niami said. “I wanted to meld fashion and philanthropy, and that is what we did with this brand.” ●



Interior of n:Philanthropy’s Los Angeles showroom

Economy *Continued from page 1*

come. In fiscal 2016, the federal deficit stood at \$587 billion.

“The slowdown will be caused by the natural constraints of a fully employed economy with a 3.5 percent unemployment rate next year and a waning of the administration’s stimulus policies,” wrote UCLA Anderson Forecast senior economist David Shulman. “With the inflation rate moving closer to 3 percent than 2 percent, the Federal Reserve will continue to pursue its interest-rate normalization policies, which will bring the Fed funds rate above 3 percent.”

Higher interest rates mean mortgage rates will start climbing, which will put a damper on the housing market because buyers will find it more expensive to purchase homes due to increased borrowing costs.

The UCLA Anderson Forecast noted that housing remains the one disappointing sector of the economy. The housing industry is not producing the average 1.5 million units a year needed to keep up with demand. Instead, housing starts in the country are forecast to peak at around 1.35 million units next year and then decline as higher mortgage rates cut into the affordability of a home.

When the economy was booming 10

years ago, housing starts totaled 2 million units a year.

“There is a lot of housing demand, and prices have moved up due to land-use regulations such as zoning, environmental rules and limits on the number of units per acre,” Shulman said. “Southern California is the poster child for this.”

Trade policy is the wild card that could put a constraint on the U.S. economy. On Sept. 24, the Trump administration’s \$200 billion in additional tariffs on Chinese imports went into effect on top of a previous \$50 billion in tariffs. The 10 percent tariffs, which climb to 25 percent on Jan. 1, are being placed on items including textiles, handbags, electronics, food products, tools and housewares.

With higher prices to import goods, tariffs could chip away at economic growth as the cost is passed on to consumers.

“We imported about \$537 billion in goods from China last year. If you put an average 15 percent tariff on those items, that translates into an \$80 billion-a-year sales tax on the American public,” Shulman said. “That is going to be a big bite. Some of that could be avoided by shifting production to Thailand, Vietnam and Bangladesh. That is how tariffs get avoided.”

Like the U.S. economy, California’s state

of economic affairs will slow down in the next two years, said UCLA Anderson Forecast senior economist Jerry Nickelsburg. “Nevertheless, California is expected to continue to grow faster than the U.S.,” he said.

In the state, there were 17.2 million non-farm jobs, which is 10.6 percent higher than the pre-recession peak in 2007. Total employment is expected to grow 1.7 percent this year, 1.8 percent next year and drop to 0.8 percent by 2020. Growth in jobs will be dominated by the healthcare sector followed by leisure and hospitality, reflecting the demands of the aging baby-boomer population in California.

Everyone is breathing a sigh of relief that a free-trade pact with Mexico is about to be signed with fewer drastic changes than anticipated. But it is still to be seen whether Canada joins the free-trade agreement known as the North American Free Trade Agreement.

But on the trade front, increased tariffs on Chinese goods could wallop cargo container volumes at the ports of Los Angeles and Long Beach, the busiest cargo-container port complex in the United States. “If a significant slowdown in trade occurs, the logistics industry—one of the fastest-growing sectors in California in the last year—will be adversely affected,” Nickelsburg wrote in the

economic forecast.

The **Port of Long Beach** and the **Port of Los Angeles** are coming off some of their strongest years in terms of cargo-container volume. In 2017, the Port of Los Angeles handled more cargo containers than ever, with 9.3 million 20-foot containers passing through the docks, up 5.5 percent from the previous year.

At the Port of Long Beach, cargo-container volumes in 2017 were also at an all-time high of 7.5 million 20-foot containers, an 11 percent increase over the previous year. The ports support outside jobs in warehouses, the trucking industry and cargo processing.

One shining star is the tech industry, which remains strong in the Los Angeles area, where 446,000 people are employed. This is followed by Northern California’s Silicon Valley with 346,000 jobs and San Francisco with 268,000.

However, San Francisco had the largest number of investments last year, with 909 deals funded, amounting to \$22.2 billion. The Silicon Valley reported 643 funding deals totaling \$18.3 billion, followed by Los Angeles with 307 funding deals worth \$9 billion.

Startup investments have grown considerably in Los Angeles—from \$2.75 billion in 2011 to the recent \$9 billion. ●

Finance *Continued from page 1*

how their clients are dealing with tariffs and adjusting their business models to cope.

Darrin Beer, Western Regional Manager, CIT Commercial Services

The ongoing discussions over international trade and associated tariffs remain a major source of uncertainty within the retail industry. That is particularly true in regard to China, which is a major U.S. trading partner and a key supplier in the global apparel industry.

With the recent announcement of new tariffs and potentially more on the way, the conventional advice is for retailers and importers to seek new sourcing alternatives for their products. Executing such a strategy is not easy, however. When our clients have investigated alternative sourcing, they have often found it is a challenging and time-consuming process. It's virtually impossible to shift sourcing overnight without risking quality, production schedules or both.

Consequently, the tariffs look like they could affect the apparel market, raising costs for clients and retailers. Those costs may eventually be passed on to the consumer in the form of higher prices. It remains to be seen whether consumers will accept those higher prices or lower their spending.

Beyond actively managing sourcing, concerned U.S. retailers and their suppliers should make their own decision on how to engage on the tariffs issue and whether to make their voices heard through their trade groups and directly through elected representatives.



Darrin Beer, Western Regional Manager, CIT Commercial Services

Mark Bienstock, Managing Director, Express Trade Capital

In response to the pending tariff actions, many of our clients began the process of redirecting their production capabilities to other countries. China can no longer be the dominant go-to production country as a concentration in any business is not healthy for long-term success.

We believe the country that has the biggest potential windfall as a result of these tariffs is India. With a well-defined infrastructure already in place and a strong history in the apparel and related industries, India has all of the capa-



Mark Bienstock, Managing Director, Express Trade Capital



Sydnee Breuer, Executive Vice President, Rosenthal & Rosenthal



Rob Greenspan, President and Chief Executive, Greenspan Consult



Sunnie Kim, President and Chief Executive, Hana Financial

bilities necessary to handle a significant increase in orders across many different product categories.

As far as retail is concerned, they already have their goods in place for this holiday season. However, they must look for vendors that have flexible and diversified sourcing-channel options at the ready.

Sydnee Breuer, Executive Vice President, Rosenthal & Rosenthal

While many apparel categories were, at least for the time being, left off the tariff list, the textile category was largely

left intact on the list. And with the threat of more tariffs, no one knows what will or won't be added. Not to mention the proposed increase in the tariff rate from 10 percent to 25 percent. It seems that at this point the domestic producers may feel the tariffs more acutely than the importers.

In fact, just this week we had several of our domestic apparel manufacturers advise us that they are bringing in the fabric earlier and in bigger quantities than usual to get them in before the tariffs take effect. This will increase their borrowing needs, which we can support, understanding the situation at hand.

For our import clients, the response to the tariffs—and threat of more tariffs—is by working their supply chain a little bit tighter. They are looking for better pricing and exploring alternative countries for sources of supply.

It's unrealistic to think the burden of the tariffs would be borne solely by the factories. When it all shakes out, everyone will bear the brunt of the tariffs, depending on how much

more the consumer is willing to pay. The higher-end brands with their higher margins will be relatively price inelastic, which is that demand won't change much with an increase in the price. In this case, the consumer would bear most of the increase.

On the other hand, with the lower-margin and lower-priced private-label business, the price is more elastic. Therefore, demand would decrease further with an increase in the price. In this case, the factories and the importers will need to absorb the lion's share of the price increase due to tariffs. This means there will be continued pressure to trim

Factoring With Republic Is Like Music To Your Ears

OUR growth finance solutions support YOUR brands success.

- Factoring Line of Credit
- Asset Based Lending
- Seasonal Overadvances

REPUBLIC

BUSINESS CREDIT

PROUD TO BE HEADQUARTERED IN NEW ORLEANS, LA

Los Angeles, CA Chicago, IL Houston, TX

866.722.4987 • www.republicbc.com • info@republicbc.com



operating expenses to keep their bottom line in check.

Rob Greenspan, President and Chief Executive, Greenspan Consult

If your company is operating in the sectors that include textiles, handbags, yarns, embroidery, and leather and fur apparel, then the 10 percent tariffs will apply to your company. Therefore, you will be faced with paying 10 percent more for the cost of goods from China.

Over the past several months, companies have been seeking to find alternative sources of production from factories in non-tariff countries. Companies affected by these tariffs will continue to look for sources of production outside of China. Until that is accomplished, companies will be forced to pay the tariffs.

Companies will try to pass these additional costs along to the retailer, who will in turn, try to pass along these costs to the consumer. So the consumer will most likely bear the price increase.

When there are price increases, consumers will think twice about buying the product now or waiting until it is really necessary. The short-term effect to retailers could be less retail spending on products with tariffs attached. If tariffs are further raised to 25 percent, the effects on retail spending will probably be far more dramatic and problematic for all those producing goods, retailing goods and the ultimate consumers.

Sunnie Kim, President and Chief Executive, Hana Financial

Due to the Trump administration tariffs, many of our clients will be forced to pass on the increased costs to their

customers, who in turn will likely resort to passing these increased costs on to U.S. consumers.

The reality is that most of the tariffs will not be paid by China but rather by American companies. Therefore, some clients may opt to look for alternatives sources that are not levied by tariffs or from potential domestic options, which would be the more desired choice for the Trump administration.

Regardless, due to anticipated increases in production costs, no matter who is paying, supply will likely be im-

acted, which could result in lower sales and profits for our clients and higher prices for the consumers.

The retail industry will likely be impacted in the same manner. **Walmart** recently advised the Trump administration that its latest batch of tariffs could make it more expensive for U.S. households to purchase many common consumer items. This situation becomes even more ominous as we enter into a holiday season with retailers gearing up for what many hope will be a robust holiday-selling season, especially in light of the last two or three tepid holiday seasons.

Robert Meyers, President, Republic Business Credit

All importers are facing a prolonged period of uncertainty as a result of the noise around the trade disputes. The tariffs will impact our clients differently depending on their category, reliance on Chinese suppliers and the actual price sensitivity of their customers.

China accounted for 37 percent of U.S. apparel imports and 56 percent of footwear imports in 2017. Assuming the tariffs remain around 10 percent, it is possible that most of the cost can either be absorbed by the importer or passed on to the consumer without much effect on the retail industry.

Most of the conversations assume tariffs are temporary in exchange for a future trade deal. However, its impact will increase should there be a reduction in consumer confidence after the holiday season.

Don Nunnari, President, Flintridge Financial Solutions

While some of my clients are not affected by this round of tariffs, most have been monitoring the situation without making any changes to their operations or buying patterns.

It's been difficult for owners to plan, given the uncertainty. Those who are importing cotton, silk, furniture who are affected now are looking at the feasibility of shifting sources to Vietnam.

Depending on the availability and commodity nature of their inventory, leaving China for another Asian source takes



Robert Meyers, President, Republic Business Credit



Don Nunnari, President, Flintridge Financial Solutions



Dave Reza, Senior Vice President, Western Region, Milberg Factors



Kevin Sullivan, Executive Vice President, Wells Fargo Capital Finance



Ken Wengrod, President, FTC Commercial Corp.

➔ Finance page 13

What's keeping your apparel business from growing?

FACTOR FINANCING

WORKING CAPITAL

MANAGING CASH FLOW

INTERNATIONAL TRADE

DEFLATIONARY ENVIRONMENT

Want a little advice?
Ask the **Leading Bank for Business.***

If you don't think a bank can help you optimize growth, minimize risk and help your apparel or textile business prosper, maybe it's time to **bank differently.**

At Comerica, we've become the Leading Bank for Business by providing more than just banking basics, because we're not just business bankers.

We're business advisors, here to help plan, guide and consult. We bring a wealth of insight and experience to the highly competitive and quickly evolving industry.

To move forward, move beyond basic banking. Learn how, with the Leading Bank for Business at comerica.com/apparel.

Comerica Bank

RAISE YOUR EXPECTATIONSSM

MEMBER FDIC. EQUAL OPPORTUNITY LENDER.

*Comerica ranks first nationally among the top 25 U.S. financial holding companies, based on commercial and industrial loans outstanding as a percentage of assets, as of March 31, 2018. Data provided by S&P Global Market Intelligence. CB-89704 06/18

La Brea Avenue: Still Eclectic After All These Years

Since the mid-1980s, Los Angeles' La Brea Avenue has been a fashion street.

When **American Rag Cie** opened in 1984, La Brea was lined with independent, multi-brand boutiques.

In the past few years, the street's retail mix has changed and is now dominated by high-end streetwear shops, including flag-

ships for **Champion** and **OVO**, a brand owned by hip-hop star Drake.

But this big street has enough space for all sorts of clothing, ranging from made-to-measure clothes at **Sene** to high-end vintage at **The Way We Wore** and a recently opened flagship for **Nudie Jeans**.

General Quarters

153 S. La Brea Ave.

(323) 937-5391

generalquarters.com

This is the eighth year that General Quarters is in business on La Brea, said owner Blair Lucio. To celebrate, he remodeled the interior of the shop with white-oak wood tables and countertops, which he said provides a different look from other men's stores.

Popular items at the boutique include made-in-Los Angeles jeans by **Rogue Territory** with Japanese selvage denim specifically manufactured for the brand, Lucio said. The jeans retail for \$240.

British outerwear brand **Universal Works** has been selling well. Silhouettes include sweatshirts, zip jackets and coats with Sherpa lining. Retail prices range from \$200 to \$400.

Los Angeles' **Free & Easy** brand is inspired by the surf looks of the 1970s and 1980s and styles for **BMX** biking. Retail prices range from \$50 to \$90 for its caps



Rogue Territory

and long-sleeve T-shirts. The brand gained notoriety earlier this year when **Lakers** basketball star LeBron James was photographed in the cap with the words "Don't Trip."

The store's self-named brand, **General Quarters**, makes up about 40 percent of sales, Lucio said. It's a full collection of button-down shirts, tees, knit caps, baseball caps, pants, jewelry and belts. "We keep things unique. A lot of what we do is 'one-and-done,'" he said of making limited-edition collections. "We have some shirts that we've been running for six years. Our Griffith Park tee and our shop logo are the most popular." Retail prices range from \$38 to \$250.



Universal Works



General Quarters



Free & Easy

Kelly Cole

175 S. La Brea Ave.

(323) 692-5012

kellycole.com

Kelly Cole started in the clothing business by selling vintage T-shirts with a high pedigree. Rock concert T-shirts from the 1970s and 1980s could sell for as much as \$500.

"It's the desirability of the band, the popularity of the band," he said, explaining what makes a shirt high-vintage material. Rare shirts from popular bands can command top prices. T-shirts with graphics from Hollywood films and promotional T-shirts also are sold at his La Brea shop.

Selling vintage T-shirts served as a master class in T-shirt design for Cole. He started his self-named **Kelly Cole** label of tops and jeans. In 2012, he opened the 700-square-foot Kelly Cole boutique, whose interior is inspired by curio shops and 1970s head shops. Hanging on the walls is art from acclaimed punk-rock artist Raymond Pettibon as well as a 19th-century cer-



emonial robe from the **Freemason Society**.

He sells vintage shirts from bands that perhaps last performed in 1979. Also on the sales floor, the best-selling items from the Kelly Cole brand are the signature tee, which Cole described as a basic top made from a loose cotton fabric.

The crew-neck tees, which retail for \$65, come in several different color ways, ranging from light blue, gray and white to a reddish color called brick.

Cole also makes jeans, which retail for \$164. The slim/straight jeans come in raw indigo and black. Kelly Cole jeans are only available in the brand's La Brea boutique.



Kelly Cole

HEADQUARTERS
1000 WILSHIRE BLVD., 20TH FL.
LOS ANGELES, CA 90017
213.240.1234

NEW YORK OFFICE
1410 BROADWAY, STE. 1102
NEW YORK, NY, 10018
212.240.1234

Hana Financial
FACTORING ASSET BASED LENDING SBA LENDING



The concept of factoring is simple:

You Give Us Your Invoice.
We Give You the Money.
You Pay Your Bills.

Factoring Made Simple.

No bells, unnecessary, really. No whistles, not needed as well. No tricks. Ditto.

At Goodman Factors, we simply offer smart, dedicated good service from an experienced team of pros. Along with money at competitive rates when you need it—today, for instance.

Goodman Factors

Since 1972

Please call 877-4-GOODMAN
or visit us at goodmanfactors.com. Simple, right?

WHAT'S CHECKING

American Rag Cie

150 S. La Brea Ave.
(323) 935-3154
americanrag.com

When American Rag launched in the 1980s, it sold vintage clothing and only one brand of new clothing—**Paul Smith**.

Since then, it has expanded to a 17,000-square-foot space. Its merchandise has grown to include shoes, menswear, denim jeans, women's clothing, CDs, housewares, accessories, books and jewelry. In 1988, American Rag founder Mark Werts

opened a restaurant next door called **Café Midi**, which offers a menu of French bistro and café food. In 2007, he opened the **World Denim Bar**, which today offers 75 different brands of jeans.

Werts credited American Rag's longevity, in part, to the store's aesthetic. "We're whimsical. We tend to break norms," he said. "We're about style, not price."

American Rag also looks to provide styles and goods that customers request. After a number of customers asked about what



Stateside



Xirena

music was being played at the store, American Rag started selling CDs.

In 2019, technology is going to be a big deal. Among the tech-enabled items on the horizon is a robot that will greet customers. The Japanese-made machine will tell customers where to find clothes in different sections of the emporium. However, robots will never replace salespeople. "It's just extra help," Werts said.

Another new tech device will be interactive mirrors, which will communicate with an RFID-style tag made by the **Bluetooth** label. The mirror will be able to recommend what matches each garment and provide additional information on the clothing.

American Rag has a team of five buyers, including Werts. Women's buyer Rita Chien said that button-up shirts from Los Angeles label **Xirena** were selling well. "They're easy, basic tops," she said. They retail for under \$200. Basics from **Stateside**, the sister brand of Xirena, also were doing well. The line is known for a twist detail in the top's front. The shirts retail for under \$100.

Bleu

454 S. La Brea Ave.
(323) 939-2228
bleuclothing.com

In May, Bleu celebrated 20 years of selling designer and contemporary clothing on La Brea Avenue.

Bleu founder Gabrielle Zuccaro said she has been serving the same customer since 1998. It's a woman who wants to look unique, she said.

While her customers haven't changed, what has changed is the pace of fashion. "Fashion was always fast paced," she said. "It is just getting faster."

Bleu does well because the store strives to serve as a personal shopper for its clients, which has helped sales rise 53 percent over last year.

The shop's best-selling items include a \$295 **Derek Lam** sweatshirt with plaids and



3.1 Phillip Lim



RtA

stripes. Also popular is the Los Angeles-based **RtA** brand's navy patent-leather pant, which retails for \$1,095.

The **Zhivago** brand makes a body-conscious jumpsuit that is popular. "It's sexy. It's edgy. It's body conscious without being cheesy," Zuccaro said. It's a play on athletic wear. But it's fashion. You can take it anywhere."

Bomber jackets with a twist from the **3.1 Phillip Lim** label have been popular. The jackets, selling for \$950, feature silk and satin fabric as well as beading. "It's wearable art," she said.

Self Edge

144 N. La Brea Ave.
(323) 933-9000
www.selfedge.com

Kiya Babzani opened Self Edge more than a decade ago with his

wife, Demitra, to sell jeans from Japanese brands not available in the United States.

They carved out a niche allowing them to open five stores. The La Brea location is the biggest. The two-level store stretches over 2,000 square feet. On the top floor, there's a tailor shop and sales space for shirts and jackets. On the ground floor, denim pants are sold as are CDs from **Wild Records**, a Los Angeles label focused on rockabilly and soul music.

Babzani conceded that selling CDs is not a good business in an age of iTunes and streaming music services. But the music display creates a mood and experi-



Pure Blue Denim



The Strike Gold

ence that can't be recreated online and attracts people to the bricks-and-mortar store.

Top-selling items include jeans from **Pure Blue Denim**, headquartered in Okayama, Japan. Retail price points range from \$295 to \$335. What makes the brand's jeans unique is its denim fabric, which is heavier than other denim, Babzani said. Pure Blue also develops its own proprietary shades of indigo.

Also selling well are jeans from **Iron Heart**.

The store sells the brand's collection, which sells for \$275 to \$345, ranging from flannel shirts to denim jackets. The label's straight, tapered jeans are popular. They offer more room in the thigh and taper into a skinny fit around the ankle, Babzani said.

The **Strike Gold** brand has also been popular. The label specializes in unique materials to make intricate fabrics. Retail price points range from \$305 to \$335.

Factoring services designed just for you.

CUSTOM ACCOUNTS RECEIVABLES FINANCING

DEDICATED FASHION INDUSTRY EXPERIENCE

QUICK RESPONSE TIME

Since 1937, Milberg Factors has been providing factoring services to the fashion industry. Whether it's financing, credit protection or receivables servicing you're looking for, we find a solution that's right for your business. We see every client as unique and distinctive, and craft a factoring arrangement specific to your needs. And, when you need an answer, you can expect a prompt response — each and every time.

For more information, contact
Dave Reza at (818) 649-7587 or Daniel Milberg at (646) 717-9213.

NORTH CAROLINA | CALIFORNIA | NEW YORK
WWW.MILBERGFACTORS.COM

YOUR LENDER OF CHOICE

WHITE OAK

COMMERCIAL FINANCE

(FORMERLY CAPITAL BUSINESS CREDIT / CAPITAL FACTORS)

- Asset-Based Lending
- Factoring
- Inventory Financing
- Term Loans
- Supply Chain Finance

Louis Sulpizio 213.226.5288 | Gino Clark 213.226.5350

www.whiteoaksf.com

LOS ANGELES | NEW YORK | SAN FRANCISCO | CHARLOTTE
FORT LAUDERDALE | HONG KONG | SHANGHAI

PHILIPS-BOYNE CORPORATION

Est. 1949

OVER SIXTY-NINE YEARS SERVING THE DESIGN COMMUNITY

We are now carrying **wide** goods in addition to our Japanese textiles!



Photographer: Tadashi Tawarayama
 Store Name: CANVAS boutique & gallery
 Our names: Jacqueline "Jac" Forbes, Arlington Forbes
 Jac and Arlington shirts by CANVAS. MALIBU
 Left: Maggie Barela, Sales Agent
 Make-up by Kristy Goslin

Over 3 million yards of shirting weight cotton wovens stocked in the New York area—
 Making designers dreams come true!

Philips-Boyne Corporation
 135 Rome Street
 Farmingdale, NY 11735

P(631) 755-1230
 F(631) 755-1259
 www.philipsboyne.com



TEXTILE TRENDS

Café Noir

For centuries, black has been associated with a sophisticated look appropriate for any occasion. It is the foundation of male formal attire and was used for some of the most iconic fashion statements of the 20th century.



Cinergy Textiles, Inc.



Texollini



Studio 93



Texollini



Fabric Selection Inc.



ECLAT Textile Company



Fabric Selection Inc.



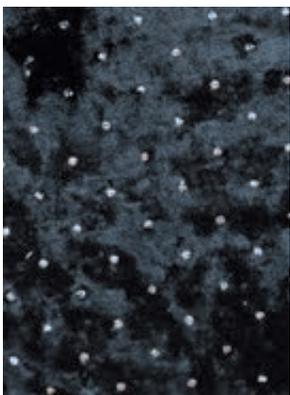
Fabric Selection Inc.



ECLAT Textile Company



Cinergy Textiles, Inc.



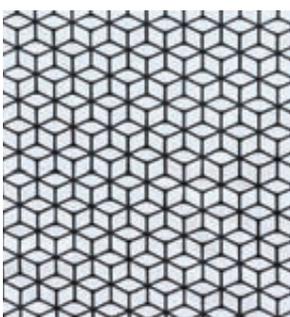
Cinergy Textiles, Inc.



Cinergy Textiles, Inc.



Cinergy Textiles, Inc.



Texollini



Texollini

Fall's Finest

Designers are inspired by the colors of fall. As the days grow shorter and the leaves change, the season is filled with vibrant colors ranging from red, orange and yellow to purple, pink and magenta.



Robert Kaufman Fabrics



Fabric Selection Inc.



Studio 93



Asher Fabric Concepts



Fabric Selection Inc.



Cinergy Textiles, Inc.



Robert Kaufman Fabrics



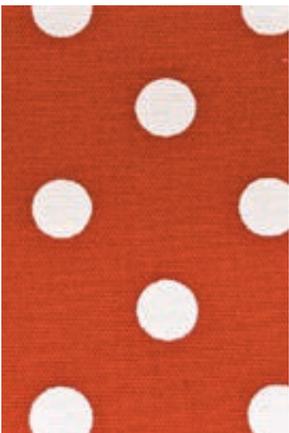
Fabric Selection Inc.



Robert Kaufman Fabrics



Fabric Selection Inc.



Robert Kaufman Fabrics



Fabric Selection Inc.



Fabric Selection Inc.

TEXTILE TRENDS DIRECTORY

Asher Fabric Concepts, (323) 268-1218, www.asherconcepts.com	Fabric Selection Inc., (213) 747-6297, www.fabricselection.com
Cinergy Textiles, Inc., (213) 748-4400, www.cinergytextiles.com	Robert Kaufman Fabrics, (800) 877-2066, www.robertkaufman.com
ECLAT Textile Company, (213) 624-2633, www.eclatusa.com	Studio 93, (213) 322-4583, www.studio93.info
EKB Textiles, (213) 749-3666, www.ekbtextile.com	Texollini, (310) 537-3400, www.texollini.com

IFJAG

INTERNATIONAL FASHION JEWELRY & ACCESSORY GROUP

Las Vegas

February 2-5, 2019

Embassy Suites Las Vegas
4315 Swenson Street
Las Vegas, NV 89119

Hours: 9am - 6pm Daily

BUYERS
Complimentary Lunch, Shuttle,
& Taxi reimbursement daily

Featuring Fashion Jewelry
Scarves • Belts • Handbags
Watches • Sterling • Hats

Wholesale, Chain Store, and Volume buyers

Go to www.ifjag.com for all show details

Future Shows:
2019 New York
June & September

New Exhibitors Inquiry info@ifjag.com

AS YOUR BRAND EVOLVES



MAKE YOUR **BRANDING SOLUTIONS**
PROGRESSIVE



WWW.PROGRESSIVELABEL.COM
(323) 415-9770
LOS ANGELES • MEXICO • HONG KONG

LABELS • HANGTAGS • PATCHES • RFID • HARDWARE • LOOKBOOKS & MUCH MORE

MAFI Award Will Be Presented to Designer Elie Madi at LA Fashion Week

Accounting and consulting firm **Moss Adams LLP** will be presenting the 2018 Moss Adams Fashion Innovator Award, also known as the MAFI Award, to Elie Madi of **YAS Couture**.

but the award is back in collaboration with LA Fashion Week.

Moss Adams is a more than 100-year-old accounting firm that serves hundreds of apparel companies and has 25 locations in the West.

The award will be presented on Oct. 6 at the opening gala for LA Fashion Week at the **Petersen Automotive Museum**. Moss Adams will be the presenting sponsor at the event, being hosted by Shiva Safai.

"We are thrilled to honor Elie Madi's iconic designs and show-stopping red carpet fashions with this year's MAFI, which celebrates innovation," said Martin Hughes, Moss Adams' national practice leader for apparel.

Madi is a Lebanese designer based in Los Angeles whose sophisticated evening dresses have been worn by celebrities including Jennifer Lopez, Gwen Stefani, Katy Perry and Carrie Underwood.

Nominees for the MAFI Award are judged on their market impact and ability to incorporate the spirit and energy of California into their creations. The award includes \$5,000 of Moss Adams consulting services.

The MAFI awards went on a one-year hiatus after working with **Fashion Business Inc.**

In 2003, the company's Los Angeles office started the Moss Adams Fashion Innovator Award to recognize outstanding design talent.

The first award went to Los Angeles designer Corey Lynn Calter, and the second year it went to Daniella Clarke of **Frankie B**. Other recipients include **Nally and Millie**, **Rails**, **AS by DF** and **Petro Zillia**.—Deborah Belgum



Gwen Stefani wearing an Elie Madi gown

NEW LINES

California Market Center

110 E. Ninth St.

NEW LINES

SHARON KOSHET SALES
A303-304

Berek *Women's*
Bohemian Cowgirl *Women's*
Cover Charge *Women's*
Dilemma *Women's*
Jean-Pierre Kilfa *Women's*
Journey *Women's*
Mooz Mooz *Women's*
OC Jewel *Women's*
Vernisge *Women's*

PAPILLON

A311
Nimi K *Women's*

UTE AND JIM'S SHOWROOM

A318
Brenda Zaro *Women's*
Carmen Saiz *Women's*
Costa. B *Women's*

Most Wanted USA *Women's, accessories*
Pixie Mood *Women's, accessories*
Slowwalk *Women's, men's*
Sunny Dayz *Kids', accessories*

PROVEN LUXURY

A391
Veleno Cashmere *Women's, men's accessories*
Versace Collection *Men's accessories*

ELEPHANTS & AMPERSANDS

A648
KiKu Kids *Kids'*
Nessi Byrd *Kids'*

KIDS DU MONDE

A678
Powell Craft *Kids', accessories, gift/home*

RANDEE'S SHOWROOM

A679
Greige *Kids', women's*
No Biggie *Kids'*

SYLVIA GILL CHILDRENSWEAR

A680

Abel & Lula *Kids'*

MINI MOD MODE

A682

Tarantela *Kids'*

BUTTERSCOTCH KIDZ

A693

Adam & Yve *Kids'*

Bubu Hats *Kids'*

UP AND AWAY

A694

Up and Away *Kids'*

Up and Away Adults *Men's, women's, juniors*

BY DEBBIE INC.

A1002

Ashi's Accessories

STRATEGY L.A.

B520

Cartise *Women's*

Suzy D London *Women's*

SOLSTISS

B703

Embelliss Lace

ARC TEXTILES INC

B885

Sofi Angel / Neon Sky *Women's*

The New Mart

127 E. Ninth St.

NEW SHOWROOMS

MIRAMAR CONSULTING GROUP INC.

Suite 603

LA Dystinction

Kreative Content

Stitchwurks

NEW LOCATIONS

Michael Bush LA-Apparel has

moved to **Suite 1110**

The M Showroom has moved

to **Suite 1110**

NEW LINES

10ELEVEN

Suite 135

Rhode Resort

GIG SHOWROOM

Suite 503

Ralph Lauren Polo *Boys' underwear*

Ralph Lauren Polo *Men's underwear*

Ralph Lauren Polo *Men's sleepwear and loungewear*

SALT & PEPPER SALES

Suite 802

Kiyo

YOGINI GARMENTO

Suite 1002

JADE

Virtues & Vibes

TEMPORARY SHOWROOMS

THREE DOTS

Suite 605

COSSA BELLA

Suite 1103

SADIE & SAGE

Suite 1106

BACI

Suite 1205

Emma Chai



Get Inspired!

Hundreds of Stocked Novelty Knits, Wovens, Linings and More!

One Roll Minimum.

www.cinergytextiles.com

Tel: 213-748-4400

ramin@cinergytextiles.com



Apparel News Group



Seventy-three years of news, fashion and information

CEO/PUBLISHER
TERRY MARTINEZ

EXECUTIVE EDITOR
DEBORAH BELGUM

RETAIL EDITOR
ANDREW ASCH

ASSOCIATE EDITOR
DOROTHY CROUCH

EDITORIAL MANAGER
JOHN IRWIN

CONTRIBUTORS
ALYSON BENDER
VOLKER CORELL
JOHN ECKMIER
JOHN MCCURRY
ESTEVAN RAMOS
TIM REGAS
N. JAYNE SEWARD
HOPE WINSBOROUGH
NATALIE ZFAT

WEB PRODUCTION
MORGAN WESSLER
CREATIVE MARKETING DIRECTOR
LOUISE DAMBERG
DIRECTOR OF SALES AND MARKETING
TERRY MARTINEZ

SENIOR ACCOUNT EXECUTIVE
AMY VALENCIA

ACCOUNT EXECUTIVE
LYNNE KASCH

BUSINESS DEVELOPMENT
DANIELLA PLATT
MOLLY RHODES

SALES ASSISTANT/RECEPTIONIST
ASHLEY KOHUT

ADMINISTRATIVE ASSISTANTS
CHRIS MARTIN
RACHEL MARTINEZ

SALES ASSISTANT
PENNY ROTHKE-SIMENSKY

CLASSIFIED ACCOUNT EXECUTIVES
ZENNY R. KATIGBAK
JEFFERY YOUNGER

CLASSIFIED ACCOUNTING
MARILOU DELA CRUZ

PROFESSIONAL SERVICES
& RESOURCE SECTION
JUNE ESPINO

PRODUCTION MANAGER
KENDALL IN

EDITORIAL DESIGNER
JOHN FREEMAN FISH

CREDIT MANAGER
RITA O'CONNOR

PUBLISHED BY
TLM PUBLISHING INC.

APPAREL NEWS GROUP
Publishers of:

California Apparel News
Waterwear
Decorated

EXECUTIVE OFFICE
California Market Center
110 E. Ninth St., Suite A777
Los Angeles, CA 90079-1777

(213) 627-3737
Fax (213) 623-5707
Classified Advertising Fax
(213) 623-1515

www.apparelnews.net
webmaster@apparelnews.net

PRINTED IN THE U.S.A.

CIRCULATION VERIFICATION COUNCIL

Finance *Continued from page 7*

planning and time to implement. Another response is to just pass on the tax to their customers.

However, my clients, who are generally small businesses, realize they will not have the leverage to pass on higher prices to all their customers, especially if they do significant business with the major discount chains.

How will this affect retail? Sarah Thorn, senior director of global government affairs at Walmart, was recently quoted on CBS's "Money Watch." I thought she summed up the impact on retail short and sweet. She said: "This round of tariffs could impact a significant number of common consumer items that are not easily replaceable. The immediate impact will be to raise prices on consumers and tax American business and manufacturers. As a result, either consumers will pay more, suppliers will receive less, retail margins will be lower or consumers will buy fewer products or forgo purchases altogether."

Dave Reza, Senior Vice President, Western Region, Milberg Factors

The impact of existing and pending tariffs has varied. Some clients are trying to bring in additional inventories ahead of new levies. Others have already begun to shift production to other non-tariff countries.

Some are looking to begin producing regionally in Central America. All clients acknowledge that the tariffs will create added costs, capital and logistics requirements.

It's too early to quantify the impact on retail, but it's not hard to predict scenarios where the impact of tariffs is reflected in increased product costs borne by vendors, retailers and ultimately consumers.

Kevin Sullivan, Executive Vice President, Wells Fargo Capital Finance

Walmart has already gone on record saying that the tariffs will ultimately have a negative impact on the American consumer. While gross domestic product was running at a robust 4.3 percent through the second quarter of this year, retail sales began to flatten in August.

We're really too early in the negotiation process to know

what the true impact will be, but our clients are certainly monitoring the situation closely. We still haven't seen tariffs directly aimed at apparel, but we have seen products such as handbags, backpacks and leather goods that will be impacted as things currently stand. Many of our clients have fairly diversified supply chains, but many are also still fairly concentrated with suppliers in China.

We remain in what still has to be viewed as a deflationary apparel market, so if tariffs come into play on a broad array of apparel categories, it would become inevitable that many companies would be forced to raise prices. In an environment where the consumer has so many options in terms of both bricks-and-mortar and direct-to-consumer channels, it remains to be seen whether the consumer will accept price increases.

We are beginning to see companies who have a large sourcing presence in Mexico and other Central American countries see an uptick in business. In a global economy, retailers will continue to have the option of shifting to vendors with alternative supply chains, but there is little doubt that China remains a very large percentage of current apparel production.

For reasonably larger companies, it's not as easy as simply saying that they'll shift production to other countries, so we continue to monitor the situation closely.

Ken Wengrod, President, FTC Commercial Corp.

I do not believe a current rise in tariffs will have a detrimental impact on the actual cost of the finished garment and the retail price.

The rising strength of our dollar—which will most likely continue due to the strength of our economy—should offset the rise in import prices and tariffs.

The stronger our currency, the greater purchasing power our importers have. This higher purchasing power allows them to spend fewer dollars for their buys, which balances the final price change.

It is interesting to note that in the midst of the tariff battle, the U.S. import prices, excluding duties, still dropped to a 1½-year low in August. Our strong dollar not only reflects our strength in the economy but also proves our continuing confidence in the consumer and that the U.S. is still a safe

environment for investments.

In addition, the current trade battle should not erode the demand for apparel at retail as long as you have the right items. The prime example is the sale of iPhones. Apple is able to increase the price of iPhones far in excess of rising costs because of the demand for its product.

Consumers are shifting from fast-turn apparel to more valued-based products because they are cognizant of how inexpensive apparel negatively and dangerously pollutes waterways.

Consumers will ultimately pay for what they want regardless of the price. Moreover, corporations will find a way to absorb the increase in tariffs and offset the costs without blowing market prices. Caterpillar estimated the new tariffs will increase their raw-material costs by up to \$200 million between July and December of 2018. Yet their vice president of projects, T. Fassino, stated that "their cost-cutting approaches have helped counter the financial impact of the tariffs."

We have been telling our clients to run their businesses as efficiently as possible and don't react to things they can't change such as the political atmosphere between China and the U.S. The geopolitical risk of China in trade has caused the international credit-insurance markets as well as the U.S. government to cease its political coverage because of the fear that China can take steps to further impact goods and payments.

Companies need to utilize and invest more in technology so they can speed up the "creation-to-engineering" process by cutting down on sampling costs, improving yields on their raw materials and reducing idle times in transition, especially on the water.

The new trend for Chinese apparel companies is to set up U.S. facilities to reduce costs. In similar fashion, U.S. importers need to find alternative places of production within the U.S. and Latin America to reduce their cycle time.

Those who thoroughly understand their costs are already maximizing their model by actually manufacturing in the U.S. or in a closer market instead of focusing on tariffs.

The uneasiness of potential apparel tariffs should open business's mindsets to welcome the change in environment. ●

Finance Resources

Comerica Bank

601 S. Figueroa St., Ste. 1400
Los Angeles, CA 90017
(213) 486-6243

Contact: Nick Susnjar, Vice President—Los Angeles Middle Market
nsusnjar@comerica.com
www.comerica.com/apparel

Products and Services: If you don't think a bank can help you optimize growth, minimize risk and help your apparel or textiles business prosper in today's challenging market, maybe it's time to bank differently. At Comerica Bank, we understand the complex challenges that impact your success. From factor financing and access to working capital, to managing cash flow, international trade, and operating in a deflationary environment with mounting competitive pressures, learn how the depth of our experience can help your business thrive. Our seasoned business advisors are here to help plan, guide and consult apparel and textiles businesses on planning, projecting, growing and protect earnings, every step of the way.

Goodman Factors

3010 LBJ Freeway, Ste. 140
Dallas, TX 75234
Contact: Alexandra Scoggin (323) 350-6908
Bret Schuch (972) 241-3297
Fax: (972) 243-6285
Toll-free (877) 4-GOODMAN
www.goodmanfactors.com

Products and Services: As the oldest privately held factoring company in the Southwest, Goodman Factors provides recourse and nonrecourse invoice factoring for businesses with monthly sales volumes of \$10,000 to \$4 million. Services include invoice and cash posting, credit and collection service, and cash advances on invoices upon shipment. Due to Goodman's relatively small size and centralized-management philosophy, its clients often deal directly with company management/ownership. Its size also enables it to provide flexible arrangements and quick decisions. Goodman Factors now operates as a division of Independent Bank (Memphis, Tenn.), which has routinely been recognized as one of the Southeast's highest-rated independent banks in terms of customer approval ratings and capital soundness.

Hana Financial, Inc.

1000 Wilshire Blvd., 20th Fl.
Los Angeles, CA 90017
(213) 977-7244
Fax: (213) 228-5555
www.hanafinancial.com
Contact: Kevin Yoon
kevin.yoon@hanafinancial.com

Products and Services: Established in 1994, Hana Financial is a specialized nonbank financial institution that offers factoring, asset-based lending, SBA lending, home mortgage banking, investment banking, wealth management, and insurance services. Hana Financial evolved from a local startup serving a niche market of Southern California to a top 10 factor in the U.S. and a member of Factors Chain International, with offices in Los Angeles and New York.

Merchant Financial Group

800 S. Figueroa St., Ste. 730
Los Angeles, CA 90017
(213) 347-0101
Fax: (213) 347-0202
<http://merchantfinancial.com>

Products and Services: Merchant Financial Group, located near the garment center in downtown LA, offers non-recourse factoring, asset-based loans, inventory financing, purchase-order financing, letters of credit, and revolving lines of credit against other tangible assets, such as commercial real estate, trademarks, and royalty income. Our local management team offers quick responses, hands-on personalized service, and flexibility to meet all our clients' needs. Established in 1985, Merchant has become a leader in the industry, satisfying the needs of growing businesses. Merchant services the entire United States, with offices locally in Los Angeles, Fort Lauderdale, and New York.

Milberg Factors, Inc.

Main Office:
99 Park Ave., 21st Fl., New York, NY 10016
Western Regional Office:
655 N. Central Ave., 17th Fl.
Glendale, CA 91203
www.milbergfactors.com
Contact: David M. Reza, SVP Western Region
dreza@milfac.com
(818) 649-8662 Fax: (818) 649-7501

Products and Services: Milberg Factors offers a competitive menu of factoring, financing, and receivables-management products for entrepreneurial and middle-market companies with more personalized attention than larger institutional firms. A partner of our firm manages every client relationship. Our 80-year track record in the factoring industry assures our clients that they will enjoy a stable relationship supported by a mature and experienced staff.

Republic Business Credit

201 St Charles Avenue, Ste 2210
New Orleans, LA 70170
Toll free: (866) 722-4987
Fax: (866) 925-7206

info@republicbc.com

www.republicbc.com

Contact:

Fred Gaylord, SVP Business Development

fgaylord@republicbc.com

Direct: 213-248-3977

Robert Meyers, President

rmeyers@republicbc.com

Direct: 630-788-5100

Products and Services: Republic Business Credit is an independently owned commercial finance company, headquartered in New Orleans, with regional offices in Los Angeles, Chicago, and Houston. Offering factoring and ABL, with seasonal over-advances, we focus on tailoring finance solutions to fit our clients' needs. At Republic, we are proud of our can-do, flexible attitude and our emphasis on responsiveness.

White Oak Commercial Finance

700 South Flower Street, Ste. 2001
Los Angeles, CA 90017
Contact: Lou Sulpizio
(213) 891-1320
Fax: (213) 891-1324
www.whiteoaksf.com

Products and Services: White Oak Commercial Finance, LLC (WOCF), formerly Capital Business Credit/Capital Factors, is a global financial products and services company providing credit facilities to middle-market companies between \$1 million and \$30 million. WOCF's solutions include asset-based lending, full-service factoring, invoice discounting, supply-chain financing, inventory financing, U.S. import/export financing, trade credit-risk management, account-receivables management, and credit and collections support. WOCF is an affiliate of White Oak Global Advisors, LLC, and its institutional clients. More information can be found at our website.

This listing is provided as a free service to our advertisers. We regret that we cannot be responsible for any errors or omissions within Finance Resources.

PROFESSIONAL SERVICES & RESOURCE SECTION

FIT MODELS

Rage
MODELS
"Real Models for Real Clothes for Real People ®"
PRO FIT MODELS
ALL SIZES AVAILABLE
TEAMRAGE@RAGEMODELS.COM
818.225.0526
FIT | SHOWROOM | TRADE SHOWS | PRINT | COMMERCIAL | RUNWAY
WWW.RAGEMODELS.COM

GARMENT RACKS

323.588.0137
GARMENT RACKS
SERVICE SPEED RAIL SHELVING
PALLET RACKS FABRIC RACKS
PALLET FLOW CONVEYORS
PUSH BACK RACK CONSULTATION
ENGINEERING DESIGN
CHAIN LINK FENCING INSTALLATION
JC JCRACK.COM
RACK SYSTEMS
5232 ALCOA AVE. · VERNON, CA · 90058

PROFESSIONAL SERVICES & RESOURCE SECTION

Contact Terry Martinez at
(213) 627-3737
or terry@apparelnews.net for info

CLASSIFIEDS

Visit www.apparelnews.net/classifieds
to place your ad in our self-serve system

www.apparelnews.net

P 213-627-3737 Ext. 278, 280
F 213-623-1515

Jobs Available

....GARMENT DYE COORDINATOR (PFGD)..... NEXT LEVEL APPAREL

Schedule fabric need based on orders. Schedule sewing lines. Prepare Dye POs according to plan. Make sure dye houses have work every day. Track fabric garment dye inventory in warehouse. Prepare outbound garments to dye house. Coordinate incoming and outgoing shipments from warehouse to dye house. Actualize POs to allow packing labels to be printed once garments are packed. Requires EXCELLENT Excel skills. Planning/scheduling exp. a plus. Associate degree with min. 2 years exp.
Send resume to: maggie@nextlevelapparel.com
Please note in the subject of email: PFGD

DOMESTIC PRODUCTION MANAGER

Los Angeles based clothing company seeks a highly qualified Domestic Production Manager. Will need to assist with fabric buying, issuing cuts, placing cuts, actualizing. Must be highly organized and have current, good working relationships with multiple domestic factories.
Send resume to: lloyd@starfabrics.com

PRE-PRODUCTION COORDINATOR

Looking for a detailed, well organized person with a minimum of 2-3 years experience in Pre-Production. Knowledge of specs and garment construction required. Must have strong computer skills as well. Self-motivated, organized and a team player.
Pls. send your resume to: jonathon@mikenclothing.com

..PRODUCTION PATTERNMAKER

Energetic and self-motivated patternmaker needed to work in fast paced environment. Min. 5 years exp with knits and wovens, exp. in domestic and import production. Must be proficient in MSOffice and Gerber system. Self motivated organized and a team player.
Pls. send your resume to jonathon@mikenclothing.com

For classified information,
contact Jeffery Younger at
213-627-3737 ext. 280 or
jeffery@apparelnews.net

Jobs Available

PLANNERS AND JR PLANNERS

Next Level Apparel seeks planners. The planner will identify, communicate, report and respond to potential disruptions, production delays, out of scale inventory or other concerns which impacts efficient and timely inventory replenishment. Scheduling of production both domestic and international. Plan according to sales forecast, monitor trends and analyze statistical data based on our industry and products sold. Must have high-level Excel skills. Other duties, as assigned.
Send resume to: maggie@nextlevelapparel.com
Please note in the subject of the email: PLANNER

WAREHOUSE/SHIPPING MANAGER

San Fernando based On line based clothing company seeks highly qualified warehouse/shipping manager. Must be experienced with inventory management, picking, packing, labeling. Direct to consumer shipping experience is a must. Will also be responsible for hiring, scheduling, and training warehouse staff.
Send resume to: lloyd@starfabrics.com

..ADMINISTRATIVE ASSISTANT

Must be a multi-task oriented with willingness to learn, well organized. Strong communication skills Must be proficient in Outlook, Excel, Word. Production (clothing mfg.) experience is a plus.
Pls. send your resume to: jonathon@mikenclothing.com

Buy, Sell and Trade

•WE BUY ALL FABRICS AND GARMENTS
WE BUY ALL FABRICS AND GARMENTS. No lot too small or large. Including sample room inventories Silks, Woolens, Denim, Knits, Prints, Solids Apparel and home furnishings fabrics. We also buy ladies', men's & children's garments. Contact: Michael
STONE HARBOR (323) 277-2777

WE BUY ALL FABRICS AND GARMENTS
Excess rolls, lots, sample yardage, small to large qty's. ALL FABRICS! fabricmerchants.com
Steve 818-219-3002 or Fabric Merchants
323-267-0010

Jobs Available

SEWING SUPERVISOR

YS Industries, LLC seeks an exp. Sewing Spv., knowledge of knit product (t-shirts). Must have exp. with overlock, cover stitch, set tape, single & double needle machines. Must have leadership skills. Bilingual English/Spanish. Must know how to balance a sewing line by capacity. Knowledge in quality specifications.
Submit resume to: maggie@nextlevelapparel.com.

CHARGEBACK AND COLLECTIONS ASSISTANT

Chargeback and Collections Assistant for a downtown based garment manufacturer. Must have five years relevant experience and conversant with spreadsheets and relevant software.
Send resume to: HR@kkcpa.com

PRODUCTION CLERK

Bright, organized, and energetic individual for busy Knitting Mill. Attention to detail and good communication skills necessary. Willing to train the right candidate.
Please email resume to: annat@antexknitting.com

FULL TIME FIELD QC

Better Women's Designer seeks full time QC. Monitor factory sewing/Must know garment construction.
Send Resume to: HR@ddaholdings.com

Real Estate

FOR LEASE
CREATIVE OFFICE SPACE
LA FASHION DISTRICT
213-627-3754

Hyperlink
your ad for
best results

For classified advertising:
visit www.apparelnews.net/classifieds
to place your ad in our self-serve system

COMING SOON IN CALIFORNIA APPAREL NEWS



October 5
 Cover: Textile Show Wrap
 LA Majors Coverage
 Made in America
 Lingerie
 Activewear/Athleisure

Education in Focus
Fashion District Advertorial
Activewear/Athleisure Advertorial

Bonus Distribution
 Los Angeles Fashion Week 10/6-10
 Brand Assembly 10/8-10
 Designers & Agents 10/8-10
 LA Fashion Market 10/8-10
 Label Array 10/8-10
 Style Fashion Week 10/10-14
 Art Hearts Fashion Runway 10/11-14
 Atlanta Apparel 10/16-20
 Interfilere 10/17-18



October 12
 Cover: LA Runway
 LA Market Wrap

Bonus Distribution
 Fashion Market Northern Calif. 10/21-23
 Dallas Market Week 10/24-27



October 19
 Cover: Fashion
 Made in California
 Denim Focus
 Technology Industry Voices

Made in California
Advertorial
Denim Advertorial



October 26
 Cover: FMNC Coverage
 New Resources
 T-Shirt Report
 Denim Report
 RFID/Sensors

T-Shirt Advertorial
Technology Advertorial

CALIFORNIA ApparelNews

Call now for special rates
 Terry Martinez (213) 627-3737 x213

**Go Beyond the News
 and Behind the Scenes**



we're blogging

The editors and writers of
California Apparel News
 are blogging at
ApparelNews.net/news/blogs

CALIFORNIA ApparelNews



WORKING CAPITAL SOLUTIONS FOR INNOVATIVE BUSINESSES.

We're committed to amplifying the growth of your business with our forward-thinking financing services. Contact us today to set sail to your dream business.

We Offer:

FACTORING ASSET-BASED LENDING P.O. FINANCING
INVENTORY FINANCING E-COMMERCE LICENSING SERVICES

MERCHANT
FINANCIAL GROUP

NEW YORK

Ph. (212) 840-7575

LOS ANGELES

Ph. (213) 347-0101

MIAMI

Ph. (954) 440-1453

MERCHANTFINANCIAL.COM

All California loans made or arranged through Merchant Factors Corp shall be made pursuant to a California Finance Lenders License