

# CALIFORNIA ApparelNews

THE VOICE OF THE INDUSTRY FOR 74 YEARS

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## FUN IN THE SUN

With its Miami Swim Week hybrid of runway shows, art exhibitions and festive gala events, hosted July 11 through 16, Art Hearts Fashion introduced emerging brands and revealed new designs from venerable labels. For more fresh looks, see pages 10–11.

ARUN NEVADER GETTY IMAGES

Vichi Swim

## Copyright-Case Decision May Change Legal Game

By Andrew Asch *Retail Editor*

Copyright-infringement lawsuits have been big business in Los Angeles, which is the center of many creative industries including fashion, film and music. But a recent case tackling this topic in Southern California is making waves and might force prospective plaintiffs to be more diligent when filing for copyright protection. The case might also make it easier for defendants to knock out poorly put-together cases if they can prove a plaintiff's copyright registrations are invalid.

A recent appellate decision in the United States Court of Appeals for the Ninth Circuit was submitted in Pasadena, Calif. The decision, awarded June 4, provided \$121,423.01 in attorneys fees and litigation expenses to the defendants in the case, **Gold Value International Textile v. Sanctuary Clothing LLC**.

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## INDUSTRY FOCUS: FINANCE

## How are brands investing in crucial digital tools and traditional methods to reach customers?

By Dorothy Crouch *Managing Editor*

During the struggle to secure a dwindling sense of brand loyalty among Millennial and Generation Z consumers, brands must devise a comprehensive strategy to tell their stories. As these companies invest in tools to create more-personalized experiences through forging strong relationships, they are exploring new technologies yet returning to traditional methods of promoting the products they make and sell.

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## INSIDE

Where fashion gets down to business<sup>SM</sup>



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## Nike Reportedly Exploring Hurley Sale

Surprise registered in the surf world July 25 when **Reuters** published a story that athletic-wear giant **Nike Inc.** was exploring a sale of **Hurley International**, which it acquired for an undisclosed amount in 2002.

The Reuters story quoted unnamed Nike sources who said that the Beaverton, Ore.,

sportswear company was exploring various options for the Costa Mesa, Calif.-based Hurley, which included a sale. The story did not mention how much a Hurley sale would go for.

Hurley founder Bob Hurley was considered an icon in surf. He left the company that he founded in 2015. Mark Parker, Nike's presi-

dent and chief executive, said Hurley built his self-named brand into a stellar company. "Bob is a legend in the surf and action-sports industry who grew his passion into a globally recognized brand that stands for creativity, innovation and community," Parker said, as reported by *California Apparel News* in 2015.

On June 27, Nike reported its 4th-quarter revenues, which ended May 31. Revenues increased to \$10.2 billion, a 4 percent increase over the same time the previous year. Reported on the same day were revenues for the fiscal year ending May 31, which were \$39.1 billion.—*Andrew Asch*

## Amazon Sales Climb 20 percent to \$63.4 Billion in 2nd Quarter

**Amazon.com, Inc.** released results for its second financial quarter, which ended June 30, and some said that the results were mixed for the Seattle-headquartered retail behemoth.

Net sales increased 20 percent, to \$63.4 billion compared to \$52.9 billion in the same quarter the previous year.

Amazon's second quarter fell in line with revenue forecasts. Its original guidance for net sales for the second quarter ranged between \$59.5 billion to \$63.5 billion.

However, Amazon did not meet profit ex-

pectations, and its stock, traded under AMZN on the **Nasdaq**, declined 2 percent because of the miss, according to *MarketWatch*.

The stock dip did not cut into Amazon's ambition. The company is striving to slash shipping times to one day for its Amazon Prime club members. It had promised to spend \$800 million in the second quarter to improve warehouses and delivery infrastructures. During a July 25 conference call, Amazon Chief Operating Officer Brian Olsavsky, said that this spending has cut into profits.

"It does create a shock to the system," he said. He forecast that the cost of building infrastructures for one-day delivery would affect Amazon finances for a few quarters but it would eventually bring profits to the company.

The second-quarter results did not include revenue from Prime Day 2019, which ran July 15–16. Amazon called the 36-hour sales event the largest shopping event in Amazon history. Sales surpassed business for Amazon's previous sales on Black Friday and Cyber Monday combined, according to a company statement.

Also in Amazon's second-quarter statement, the retail giant discussed new angles in its fashion offerings. In March, it introduced **The Drop**. It's a series of limited-edition fashion collections, which are designed with influencers and are sold on Amazon.com for limited periods of time.

It also is expanding its convenience store, **Amazon Go**, which opened two stores in New York City in the second quarter, bringing its store count to 13 locations across the United States.—*A.A.*

## Sustainable Apparel Coalition Makes New Executive Appointment

The board of San Francisco's **Sustainable Apparel Coalition** has appointed Amina Razvi to the role of executive director. Formerly working within the company as vice president of membership and interim executive director, Razvi has deep roots working within the apparel industry. A particular focal point of her career has been within sustainability, starting with **Gap Inc.**'s sustainable initiatives. In her new role, Razvi will perform daily leadership duties for SAC and is responsible for its global operations.

"As we look ahead, consumers are going to be looking to companies to be more transparent about these issues," she said. "We want our member companies to start communicating their efforts regarding where they are currently and where they are going and to put that information in the hands of consumers who can make more-informed decisions."

As the vice president of membership, Razvi oversaw the expansion of SAC's position as a global presence by increasing member-

ship from 135 to more than 250 partners and cultivating its Higg Index customer base from approximately 1,800 to 13,000 globally.

"An experienced industry professional, Amina possesses a unique combination of knowledge and vision to scale the work of SAC and engage with members and stakeholders globally as we transform the apparel, footwear and textile industry through the development and use of the Higg Index," said Sean Cady, **VF Corporation** global vice president for sustainability and responsibility and SAC's board chair, in a statement.

In her new role, Razvi succeeds Jason Kibbey, who now serves as the chief executive officer of the **Higg Co.**, which supports

the technological development of the sustainable tools afforded by the Higg Index. Razvi looks forward to working with current

partners to feed the high consumer demand for sustainable apparel and developing partnerships with those companies that have not yet launched sustainable efforts.

"Consumers are not only looking to fashion to express style but also reflect their values. They are looking for companies that are aligned with these values," she said. "The fashion industry has a huge role to play and an opportunity to make clothes that are amazing but not harmful to

people or the planet. I encourage designers to put sustainability at the forefront of how we do business."—*Dorothy Crouch*



Amina Razvi

### Calendar

#### July 27

**West Coast Trend Show**  
Embassy Suites LAX North  
Los Angeles  
Through July 29

#### July 28

**ASD Market Week**  
Las Vegas Convention Center  
Las Vegas  
Through July 31

#### LA Market Week

California Market Center  
Los Angeles  
Through July 31

#### July 29

**LA Kids' Market**  
California Market Center  
Los Angeles  
Through July 31

#### Brand Assembly

Cooper Design Space

Los Angeles  
Through Aug. 1

#### July 31

**Swim Collective and Active Collective**  
Anaheim Convention Center  
Anaheim, Calif.  
Through Aug. 1

#### Aug. 4

**Accessorie Circuit**  
Javits Center  
New York  
Through Aug. 6

#### Accessories The Show

Javits Center  
New York  
Through Aug. 6

#### Children's Club

Javits Center  
New York  
Through Aug. 6

**Curve New York**  
Javits Center  
New York  
Through Aug. 6

**Fame**  
Javits Center  
New York  
Through Aug. 6

**Moda**  
Javits Center  
New York  
Through Aug. 6

There's more  
on ApparelNews.net.

For calendar details and contact information, visit [ApparelNews.net/events](http://ApparelNews.net/events).

Submissions to the calendar should be emailed to the Calendar Editor at [calendar@apparelnews.net](mailto:calendar@apparelnews.net). 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.

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A black and white photograph of a city street at night. In the background, there are tall buildings, including one with a sign that says "Hilton Grand Vacations". Large palm trees are in the foreground. Light trails from cars are visible on the road. The text "CALA LAS VEGAS AUG 12+13" is overlaid in large, white, bold letters.

# CALA LAS VEGAS AUG 12+13

The logo for the Hard Rock Ballroom. It features the words "Hard Rock" in a stylized, italicized font with a double outline, and the word "BALLROOM" in a simpler, bold font below it. The entire logo is enclosed within a circular border.

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Cover: Fashion  
LA Market Wrap  
DG Expo Wrap  
Première Vision Wrap  
Sourcing  
Fabric & Trim  
Technology

**Fashion Advertorial**

**Sourcing & Fabric Special  
Section with Tech**

**Bonus Distribution**

OffPrice Show 8/10-13  
CALA Las Vegas 8/12-13  
Agenda LV 8/12-14  
CurveNV 8/12-14  
Liberty Fairs LV 8/12-14  
POOL 8/12-14  
Project 8/12-14  
Project Women's 8/12-14  
Sourcing@MAGIC 8/12-14  
Stitch LV 8/12-14  
WWDMAGIC 8/12-14  
WWIN 8/12-15  
NW Materials Show 8/14-15  
Fashion Market Northern California 8/18-20

**August 9**

Cover: Denim Fashion  
Industry Voices on Fashion  
Technology  
Denim  
Made in America  
Active Collective Wrap Coverage  
Swim Collective Wrap Coverage  
Supply Chain  
Technology

**Supply Chain with Tech**

**Fashion Advertorial**

**Swim and Active Advertorial**

**Made in America Advertorial**

**Denim Advertorial**

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Sourcing@MAGIC 8/12-14  
Stitch LV 8/12-14  
WWDMAGIC 8/12-14  
WWIN 8/12-15  
International Fashion Week LV 8/12-15  
Première Vision Sport 8/14-15  
Active Collective NY 8/22-23

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## MANUFACTURING

# Hyden Yoo Brings Back Pioneering Brand Gotcha

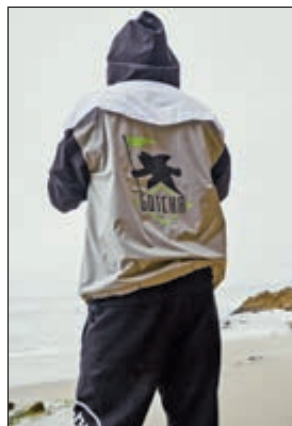
By Andrew Asch *Retail Editor*

Men's clothier and streetwear designer Hyden Yoo hopes to write a comeback story for the pioneering action-sports brand **Gotcha**.

The downtown Los Angeles-headquartered Yoo released a Fall '19 Gotcha line for men, in collaboration on July 15 with **Perry Ellis International, Inc.**, which owns the trademarks for the surf brand that was highly influential in the late 1970s through the 1990s. Yoo designs the self-named **Hyden Yoo** brand and streetwear influenced line **Standard Issue**. The Fall '19 Gotcha line is currently sold on his direct-to-consumer channels, *hydenyoo.com*, and he plans to wholesale the Fall '19 line this year.

Gotcha was famous for being one of the innovators in the action-sports fashion scene. In a market that was once dominated by the corduroy shorts of the **OP** brand in the late 1970s, Gotcha brought neon colors, irreverent prints and unique silhouettes to surf.

Perry Ellis International Inc. wrapped up a deal to acquire the brand's logos and intellectual property for \$12 million in 2006. Since then, there have been various attempts to bring the brand back. The **Z-Supply** company made a Gotcha women's line for **Urban Outfitters** in 2017.



A license for men's Gotcha looks was managed by **Imperial Apparel Group**, which still produces a Gotcha women's outerwear line. Other manufacturers making Gotcha clothes include **Elan Polo International Inc.**, which manufactures men's and boy's Gotcha footwear, which are distributed in the U.S. and Canada. There are also manufacturers making Gotcha for Latin American markets, according to a Perry Ellis statement. Gotcha has a track record, and Yoo said that he wanted to put his own mark on the pioneering brand.

"I wanted to differentiate from prior collections for this relaunch," Yoo said. "Our first capsule is monochromatic in color and features an updated silhouette."

There are 25 different styles in the new Gotcha line. Retail price points range from \$24 to \$108. Looks include boardshorts, tees and hoodies, all bearing the once iconic Fishman logo and the Gotcha brand name. There are also familiar silhouettes for surf, Yoo said. "This line will still keep its surf and skate DNA, but there will also be a streetwear vibe," Yoo said.

The new line features streetwear styles such as sweatpants and track jacket-style windbreakers. One look, the Brooks Logo hoodie, features current streetwear styles such as a drop-shoulder silhouette and a baggier fit.

Developing new styles for a veteran name is an important step in bringing a brand to a contemporary market, said Adam Derry, founder of the brand-development agency **ABDB** and a partner in the accessories brand **Bandolier**.

"You can't rely on the name—you have to make relevant products for today. That's where the opportunity is," Derry said. "The people who loved brands in 1981 are the parents and the grandparents of today's generation of new consumers. This new generation has to see themselves in the brand, while the brand designers have to find a way to be an authentic voice."

Finding a niche in the action-sports market will take some work, said action-sports veteran and Gotcha co-founder Joel Cooper. He left the brand in 1997 and currently serves as chief executive officer of **Lost International**.

"The biggest challenge for brands now is a limited amount of doors," Cooper said. "A lot of other companies own their retail. That's a big advantage."

Cooper started Gotcha with champion surfer Ron Tomson in South Africa in 1978, but they moved operations to Laguna Beach, Calif., in 1979, just when major surf brands such as **Quiksilver** were starting out.

Cooper described Tomson as a fashion visionary. While popular surf brands of the time focused on making boardshorts and tees, Tomson wanted to design complete collections of clothing. While other brands focused on clothing with earth-tone colors, Gotcha released styles such as

clamdigger pants in bright, neon colors.

The unique styles captured the imagination of surfers and youth seeking beach-culture clothes. A team of talented executives and designers worked with Gotcha. Shawn Stussy, founder of the influential **Stüssy** brand, designed a year for Gotcha, Cooper said. Paul Naude, former president of the Americas division of **Billabong**, worked for 12 years at Gotcha. He ended his tenure as marketing president before joining Billabong. He later founded the **Vissla** brand. Another Gotcha alum was Shaheen Sadeghi, who worked as an executive vice president of merchandise. He later developed the influential specialty centers **The Lab** and **The Camp** in Costa Mesa, Calif.

Gotcha's business crested in the early 1990s when sales for men's and boy's clothing in the U.S. had revenues of more than \$150 million. Cooper said that the brand was a victim of its own success. "We over distributed. By the late '90s, we weren't the flavor of the month," he explained.

An investment group led by entrepreneur Marvin Winkler acquired a majority interest in Gotcha for an undisclosed price in 1997. Cooper and Tomson left the company after the deal closed.

Cooper forecast that the timing is right to release a new Gotcha line. "Everyone is interested in old brands," Cooper said. "There is so much great history in Gotcha. If someone came along and did it right, they could make it successful. ●



# An Intimate Trade-Show Setting Spells Success for Preface New York

By Dorothy Crouch *Managing Editor*

In its third edition, hosted at **Studio Arte** in New York City's garment district July 17–18, Preface NYC created a relaxed atmosphere in which attendees and exhibitors could network, conduct business and learn. Focused on more-ethical and -sustainable sourcing, the show was well received due to its ability to organize a blend of exhibitors whose businesses complement one another to serve brands that are looking for quality over quantity.

"Sustainability is a movement within the industry—it's not

**Chaintex**, spoke about fiber from fabric production through sustainable methods."

For first-time exhibitor Dana Weinstein, owner of the 7-year-old Los Angeles-based company **Vector Apparel Projects**, Preface was a show that provided a pleasantly surprising new approach.

"It was refreshing to present without feeling like you're presenting at a trade show because it was an informal, relaxed atmosphere. There were big and small brands," she said. "The values and goals of everyone there were so aligned in terms of sustainability and ethical practices."

ence in a cool, clean space."

"The ambience was very intimate and the atmosphere relaxed and hearty," said Gaetano La Sala, sales manager of **Dynamo**, located in Istanbul. "The single booths were not restricted, but the show space was open space. The workshops about textiles were amazing, particularly the one on pleating—that was really great."

In addition to the workshops, visitors found the show's nod to vintage extremely alluring and helpful to create fresh vision.

"What I loved about it was having some old and new," said Cesar Renteria, a Los Angeles designer who consults



a trend," said Betsy Franjola, show founder and owner of **BFF Studios**. "When I created BFF Studios, I saw poor decisions being made by these corporate companies that were financially irresponsible and detrimental to the environment."

By beginning her show-planning early, Franjola was able to bring together key aspects that attract attendees to trade shows but kept the segments engaging by involving exhibitors and speakers well in advance. Through blending these components, Preface NYC allowed an event that is traditionally focused on business to be an educational experience in which all facets were complementary.

"The design perspective was a key point for us and a source of inspiration. We created a trend deck three months in advance and sent it to all the partners and also had a vintage pop-up section," Franjola said. "The largest attended event was the speaker series in which Six Chung, owner of [the Hong Kong-based]

An apparel-manufacturing professional who has worked in Los Angeles for more than 30 years, Weinstein is now focused on ethical and sustainable manufacturing for high-end wovens while also promoting stateside production. In the future, she would return to exhibit at the New York show.

"This should be the direction that trade shows start to go," she said. "A little smaller, a bit more intimate. Because of the way it was set up there was enough time for people to walk through and just chat."

Many exhibitors reported meetings with major brands who were searching for quality options along the supply chain. Jeff Johnson of **Global Edge Source** reported meetings with **Nautica** and seeing **Gildan** for **American Apparel**.

"The thing that really struck me was how intimate the environment was, and that led to a different kind of dialogue," he said. "It was great because it provided a unique sourcing experi-

for **LRS—Studio** and has worked with **True Religion**, **Seven For All Mankind** and **Vince**. "The vintage portion of it was great. Taking some of the newness in your fabrications, taking a vintage silhouette and making it your own for the future provided an old-meets-new vibe."

For his current client, Renteria was searching for synthetic fabrications with coatings for a novelty approach. His search brought him to **Charming Textiles**, whose offerings he said were "on point."

Launched in August 2018, Preface will add a Los Angeles component in January 2020. The success of the East Coast show has inspired Franjola to bring the intimate, ecologically focused event to this apparel-manufacturing center.

"We have a positive future," she said. "There is a lot of excitement happening in the industry, but there is still a lot to learn, and people should be open to new ways of learning." ●

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# DALLAS APPAREL & ACCESSORIES MARKET

AUGUST 21-24  
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## INDUSTRY FOCUS: FINANCE

### Finance *Continued from page 1*

As brands explore the new consumer culture through developing a formula based on a strong e-commerce presence, effectively wielding social-media tools and investing in bricks-and-mortar options such as pop-up shops, we asked financial experts: *As brands attempt to evolve by finding ways to attract consumers, what investments are your clients making to promote an effective experiential shopping environment for their customers, and how do they plan to use these tools?*

#### **Darrin Beer, Western Regional Manager, Commercial Services, CIT**

Experiential shopping is a tremendous opportunity for retailers to reinvigorate the in-store experience and perhaps reclaim market share. People have long regarded shopping as a form of entertainment, and today's retailers are taking that idea to the next level by offering in-store events, demonstrations, classes, even food-and-beverage service. Many brands and manufacturers are supporting these in-store experiences by providing some of the programming—and, in some cases, the personnel—to make these events possible.

Some of our clients in the activewear sector provide in-store yoga or spin classes as a

the same products as their favorite influencer. Social-media platforms have become the new way for companies to see a quicker ROI. If a brand pays for a celebrity to wear their product and they have enough of a following it may even be possible for the product to sell out before the end of the day.

Sponsored ads are also an efficient and easy way to promote sales. Sponsored ads are tailored toward specific users while scrolling, offering deals and promotions. Not only do these ads promote sales, but they also increase brand awareness, lead generation and traffic to their website. These types of promoted posts can also be targeted to a specific demographic of people, not just limited to age or location but likes and interests as well.

Those clients that are at the forefront of this ever-changing social-media dynamic will be the true winners, while the companies with their head in the sand will see the opportunities pass them by quickly.

#### **Gino Clark, Executive Vice President, Managing Director, Originations, White Oak Commercial Finance, LLC**

As the use of technology increases and consumer access to information grows, the distinction between brand and merchant blurs. Technology has led to the emergence and



Darrin Beer, Western Regional Manager, Commercial Services, CIT



Mark Bienstock, Managing Director, Express Trade Capital



Gino Clark, Executive Vice President, Managing Director, Originations, White Oak Commercial Finance, LLC



Eric Fisch, Senior Vice President, National Sector Head, Retail & Apparel, HSBC Bank USA N.A.

way to promote the healthy lifestyle associated with their products. Other clients have utilized influencers for in-store appearances as a way of attracting customers to their stores. The stores themselves have been designed with creative and immersive spaces for Instagram postings to inspire social-media sharing. Yet another strategy has been to sponsor in-store charitable events that connect to the brand while promoting community engagement and increasing foot traffic.

In essence, enhancing the in-store experience is limited only by the imagination. Few retailers would turn down the opportunity to make their stores a livelier and more compelling destination for shoppers. Smart brands and manufacturers would do well to collaborate closely with retailers that sell their products in ways that enhance their in-store offerings, displays and demonstrations to pull customers into stores more often and keep them there longer once they arrive.

#### **Mark Bienstock, Managing Director, Express Trade Capital**

Between social media and influencers, our clients can reach an extremely large amount of the population more effectively than ever with the swipe of a finger. Social-media platforms are some businesses' main source of sales. These mobile applications allow consumers to browse and shop anytime, anywhere. Instagram has a "swipe up" feature as well as the ability to tag a product that brings you directly to where you can then complete a purchase. These companies pay influencers to promote their products, and, if the consumer likes what they see, within minutes they can easily own

growth of new distribution channels, and the merging of the physical and virtual worlds places a heightened focus on the overall consumer experience. Author and scholar Barbara Kahn wrote an interesting book, "The Shopping Revolution," that highlights the importance of incorporating technology to enhance the consumer experience.

Successful companies take control of their brand and messaging by investing in an array of channels including social media as well as the use of strategic partnerships with influencers and retailers. Our clients have capitalized on new online tools such as Instagram's embedded shopping feature, which helps to reach new customers and to reconnect with existing buyers. They also partner with companies who use varied distribution channels to enhance the overall shopping experience by making it unique and effortless.

No matter the specific tools chosen, it is essential for companies to blend established and new technologies to build their brands by actively engaging the consumer.

#### **Eric Fisch, Senior Vice President, National Sector Head, Retail & Apparel, HSBC Bank USA N.A.**

Consumers are constantly exposed to brands across all physical and digital mediums, which makes it harder to maintain brand loyalty. In order to overcome this, I have seen companies refocus and invest in a better client experience that relays the brand ethos. This includes store build-outs with authentic fixtures and décor to evoke the aesthetic of the brand. This is harder from a wholesale perspective, but we have seen brands have success with



## INDUSTRY FOCUS: FINANCE

shop-in-shops and concessions at department stores, where they can better dictate the layout and customer experience. This authenticity is harder to relay to the at-home shopper. This is why many digital, native brands are investing in catalogs and direct mail. It's a way to allow the client to have a tactile relationship with a brand, despite not visiting the store, and can be targeted to areas and demographics.

### Joshua Goodhart, Executive Vice President and National Sales Manager, Merchant Financial Group

Many of our clients are trying to find creative ways to attract new customers. As we all have seen, the traditional wholesale model has been extremely challenging, and many businesses are investing in e-commerce and different retail platforms to increase brand recognition and expand their growth.

Businesses that were predominantly wholesale are now investing their profits and capital into their websites, direct marketing and social-media expansion. We have advised our clients to transition with caution and prudence to avoid burning through monetary resources quickly.

While some of our clients have listened, many others have overexposed themselves, which has generated losses. Merchant has found that the companies who have invested wisely in their direct-to-consumer infrastructure have been far more successful than those who have aggressively attacked this new, unfamiliar platform.

To attract new customers and expand brand awareness, many companies continue to invest strategically in pop-up shops or brand collaborations. We feel this is an intelligent way for brands to dip their toes into the retail climate

without the added fixed overhead of contractual expenses. This approach gives the business a short-term "energy shot" of cash and brand awareness.

Merchant always encourages our clients to sit down with us and discuss strategy. To accommodate our clients' needs, Merchant often expands upon working capital facilities to facilitate the company's needs. Concurrently, we work with our private-equity and venture partners to ensure success is achieved according to the wholesaler's investment plan. To adapt successfully to the changing retail climate, it is pertinent for companies to align themselves with experienced partnerships and advisers well versed in the sector.

### Rob Greenspan, President and Chief Executive, Greenspan Consult, Inc.

The biggest investment that I see my manufacturing and import apparel clients making to attract customers is on the e-commerce side of their business. The goal is to continue to attract, retain and grow their e-commerce revenues. My clients are investing in improving their e-commerce platforms, technology and visuals to make their customers excited about buying their products and continue to invest in new e-commerce strategies with the goal to add new customers. Some of this requires the use of third parties to do the work, and others are hiring in-house personnel to help this process.

Additionally, my clients are constantly investing in upgrading their technology to make the "buy" as simple and as easy as possible with less keystrokes, increased speed to buy and with no interruptions during the process.

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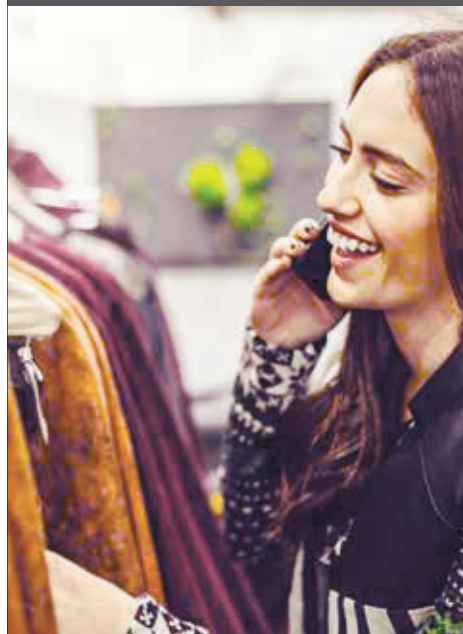
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# INDUSTRY FOCUS: FINANCE

## Finance *Continued from page 7*

### Sunnie Kim, President and CEO, Hana Financial, Inc.

The apparel industry has witnessed the successes of retailers and manufacturers who have integrated consumer data into their corporate strategies. Businesses that have implemented statistical analyses in their nascent stages have proven to be resilient in the turbulent era of e-commerce, utilizing the data not only to guide the business but also to track consumers' habits and to predict trends moving forward. Computational statistics allow us to determine the average consumer's spending habits, allowing businesses to keen on consumers' demands and to better appeal to an audience.

Additionally, a brand must constantly reassess its identity by reviewing the feedback provided by its consumers. This feedback can reveal exactly where the business needs to focus on not only to keep satisfying its current audience but also to appeal to new ones to build. As the science, tech-



Joshua Goodhart, Executive Vice President and National Sales Manager, Merchant Financial Group



Rob Greenspan, President and Chief Executive, Greenspan Consult, Inc.



Sunnie Kim, President and CEO, Hana Financial, Inc.



Robert Meyers, President, Republic Business Credit, LLC



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

nology, engineering and math fields begin to permeate more facets of society beyond traditional career paths, statistical analysts are beginning to thrive by incorporating computer science and artificial intelligence into fields where the subjects had been largely ignored before. It is this saturation that

will lead to the next wave of entrepreneurship that will utilize not only creative but also analytical strategies to spearhead campaigns to captivate audiences in the dynamic world of consumer tastes.

### Robert Meyers, President, Republic Business Credit, LLC

All of our clients are in experimentation mode with the aim of building stronger customer relationships. None of our clients are relying solely on a wholesale strategy to meet their growth needs. Back in the day, your brand strategy could be achieved through a combination of product offerings at distinct price points for a major, independent and possibly some direct-to-consumer offerings. Those days are gone. It is currently about well-intentioned interactions with your customers across several mediums. The desire of brands to provide an omni-channel experience is easy to say but difficult to execute.

Larger brands such as Nike, Levi's, Ralph Lauren and Budweiser have the resources to provide large-scale experiential-marketing services such as Bud Light providing the city of Cleveland locked coolers that they could only open with a victory by the Browns. Smaller brands do have options in this area, as experiential-marketing and -consulting firms have popped up across the country to help with the creative design and implementation options without having a full-time team. We funded two experiential-marketing companies earlier this year that support the entrepreneur ecosystem.

The most consistent investments are in social media and e-commerce. As we saw with the Fyre Festival, the power of social media is undeniable. Despite the fraudulent side of that event, it revolutionized and confirmed the power of social-media influencers. Some influencers happen to use your product where others are offered free product, perks and benefits to help promote on Snapchat or Instagram to their followers. Using targeted marketing strategies and browser cookies, you will notice that as you switch between social-media apps and websites, the firm you "liked" will follow you around while its rival products will follow you with discounts/ads with the aim to encourage your buying behavior.

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

Both clients and prospects alike are crafting, or already have crafted, "customer-experience strategies." In order to provide customers a

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## INDUSTRY FOCUS: FINANCE

unique experience, brands have invested in tools to make sure that customer communication is interactive, simple and flexible across all channels, making sure that there is a convenience factor to the communication and—more importantly—purchasing.

In order to capture and expand their customer base and market share, our clients are performing much more consumer and market research and data gathering. They are utilizing online ads on social media. They are also utilizing influencers and bloggers to promote and track customer preferences, often gifting product and or monetizing their “hits” based on sales data.

### **Kevin Sullivan, Senior Vice President, Regional Credit Manager, Commercial Services Group, Wells Fargo Capital Finance**

Today’s consumer has more choice than at any point in time by virtue of the ability to connect with consumer-product companies located anywhere in the world. Given the exceptional buying options this environment creates for consumers, there is little doubt that the ability to create experiences around product can play an important role in a company’s success. A company’s website needs to do much more than simply illustrate what product they’re selling. Companies now invest heavily in content creation, whether through internal sources or external companies who specialize in it, to create an experience for a visitor to their site. The experience has to be perceived as authentic by the consumer.

We also see companies aligning themselves with influencers who can help further connect them to their target customer base. In some cases, we see companies creating specific lines around the influencers. We’ve seen this work particularly well in the beauty segment, but it’s also become very prevalent in apparel. Consumers have become very accustomed to following specific influencers within various platforms on social media, with key influencers sometimes attracting millions of followers. If an influencer attracts a certain segment of the marketplace that appeals to consumers of a certain product, that can have significant value for a brand. The nature of the relationship between the influencer and a brand can vary widely, with compensation ranging from product to modest monetary compensation to a percentage ownership in the company producing the product.

We’ve also seen apparel brands take a more active role in merchandising their product on a retailer’s floor to create a better story for their customer. This can come in the form of simply having a closer relationship with a major customer who enables the brand to replenish product based upon sell-through or full departments within a retailer that are specific to a given brand, enabling the brand to tell a more complete story around their product.

### **Ken Wengrod, Co-founder/President, FTC Commercial Corp.**

The company or designer needs to truly understand who the ultimate customer is—the consumer and demographics they represent. It is imperative that the targeted consumer is shopping with their emotions instead of their wallets. The platforms need to create an experience for the consumer that is authentic and expresses individuality. Today, consumers contribute to brand loyalty when they are emotionally connected to the legitimate story of the

brand, what it stands for and its merchandise—in that order.

Once all this is determined, through proper feedback via focus groups and chatbots, they should develop a multi-channel distribution system, bricks-and-mortar, social media and online to maximize exposure of their merchandise. The consumer-related company should also utilize the Internet of Things, such as employing interconnected devices such as Alexa and Siri.

The ultimate goal of the manufacturer is to develop innovative process flows that will significantly reduce overhead and maximize productivity through automation by utilizing the most efficient data transformation available for this ever-changing technological landscape. They will need to consider using distributed



Kevin Sullivan, Senior Vice President, Regional Credit Manager, Commercial Services Group, Wells Fargo Capital Finance



Ken Wengrod, Co-founder/President, FTC Commercial Corp.

ledgers such as blockchain technology for validation and optimization purposes as well as fuzzy logic for structuring a process flow from conception to market to the consumer. This of course would include the entire supply chain.

Artificial intelligence-based applications adapted to create machine learning will drive business operations for better decision-making. Apparel companies will need to develop programs and properly mine their data so they can maximize predictive analytics. AI should be used to maximize productivity, reduce overhead and provide information

to better understand their consumers and reach a wide, targeted consumer audience via IoT and other systems to expand sales. ●

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# Art Hearts Fashion Welcomes Emerging Designers and Established Brands to Miami Swim Week

By Nicole Martinez Contributing Writer

In a crowded calendar of **Miami Swim Week** events, **Art Hearts Fashion** held to its mission of serving as a showcase for emerging designers who wouldn't necessarily have a platform during a market-driven show. From July 11 through 16, more than 30 up-and-coming designers unveiled their beach-worthy and poolside looks at Faena Forum. Additional gala and party events were hosted in **Club E11even**, **The Deck at Island Gardens** and with **Saks Fifth Avenue**.

As the Miami Swim Week sibling to its Fashion Week

events in New York and Los Angeles, this year's Art Hearts Fashion events presented a curated lineup of designers each night with established labels, such as **Vilebrequin**, in addition to newcomers.

On the Art Hearts Fashion runway, **Orphic London** presented an array of classic styles in an on-trend color palette. Sherbet hues, aqua and pastel-pink one-piece suits were designed with added features such as center cutout details and straps imprinted with the name of the design. Ultra-high-hip swimsuits showcased an industrywide nostalgia for the early-'90s cut, while a

Warhol-inspired printed one-piece closed out the show.

Los Angeles-based men's brand **Ca-Rio-Ca Sunga Co.** featured men's designs in bikini styles and brief cuts that afforded more coverage. Cropped, long-sleeve T-shirts provided a new take on men's swim cover-ups.

The **Asherah Swimwear** line, based in Dallas, took more-calculated risks, pairing peacock-inspired prints with revealing suits. Adhering to the "more is more" approach, Asherah's suits were chock-full of accoutrements, with long fringe, ruffles and off-the-shoulder designs. ●

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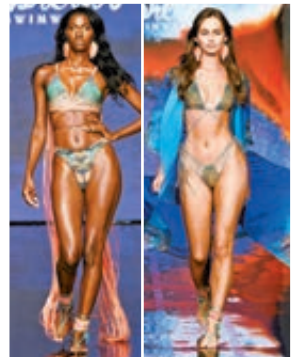
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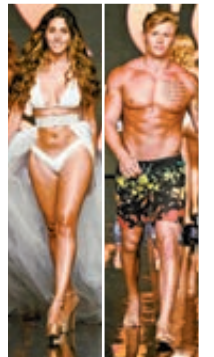
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# Figs Injects Fashion Into Medical Scrubs

By Andrew Asch Retail Editor

For years, the \$10-billion medical-uniform business was dominated by a handful of companies making loose, boxy scrubs for personnel in the operating room or caring for the infirm. Fashion was an afterthought.

One day, entrepreneur Heather Hasson was grabbing coffee with a friend who was a nurse practitioner, dressed in her mundane scrubs that most medical staff accepted as the only way to dress. The woman's colleagues complained frequently about spending 13-hour days in bulky clothes that weren't even comfortable.

With that introduction to scrubs, Hasson thought she could inject some style and performance into the medical workwear by using the cutting-edge activewear and performance fabrics that were becoming fashionable.

"Everybody else was focused on the athlete. How come people are not focused on the medical professional? They save lives," Hasson said.

"These scrubs will help them perform better, and they will be stylish."

She teamed up with Trina Spear, who had an MBA from **Harvard University**, to start **Figs** in 2013. The two, who serve as co-founders and co-chief executive officers,

developed a line of scrubs with slimmer fits, trendy silhouettes and colors that could be found on a **Pantone** color chart.

The scrubs are made with a proprietary fabric that includes **Silvadur**, an antimicrobial fabric with four-way stretch, which makes them as comfortable as a pair of sweats. Most of the brand's sales are made on the company's direct-to-consumer channel, *wearfigs.com*.

The new styles have paid off. In December,

Figs raised \$65 million in an investment round from **Tulco**, a company founded by Thomas Tull, former chairman of **Legendary Entertainment**. It brought the company's total investment to \$75 million.

The infusion of money has helped pave the way to a big space for the budding company. Next month, Figs and its 100 staffers will move into a 27,000-square-foot building in the **Santa Monica Gateway** complex in Santa Monica, Calif., near the **Bergamot Station** art complex.

The new offices will include a wellness studio, a creative office for video production and visuals for its e-commerce site. It will also feature a kitchen where a chef will be on duty two days a week.

Each month, Figs releases a limited collec-



Left, Trina Spear and Heather Hasson



Montero Trench lab coat



Ejura Convertible scrub top and Prestea Cloud scrub pant

tion of scrubs made in a different color. For July, the color is a gray hue called cement. Since 2013, the brand has offered looks such as the Rafaela top, which has a Mandarin collar. Other looks include the Malindi top with a peplum. Both are different from the traditional boxy, V-neck scrub. Retail price points for tops range from \$38 to \$48.

Other styles include bottoms with a silhouette often found in activewear collections such as jogger pants with drawstrings. Other bottoms feature cargo-pant pockets. Retail price points for pants range from \$48 to \$56.

Some of the line's pieces have an irreverent sense of humor. Embroidery on the back of the neck of the Malindi top reads, "Put this on. Be awesome." A video on the site features dancers performing a synchronized roller-skating routine while dressed in scrubs.

Figs also sells special underwear, compres-

sion socks, lab coats and hoodies.

While most of the company's sales are online, the brand produces pop-up shops in fashion neighborhoods from time to time. In September, Figs intends to open a pop-up shop in Manhattan's SoHo area. "We make pop-ups in fashion neighborhoods because we want to show people that they can shop for scrubs the same way people shop for their fashion items," said Jenny Seyfried, Figs' vice president of brands.

Since Figs started business, other brands have developed more fashion-forward scrubs for medical professionals. They include Los Angeles-headquartered **Jaanu Inc.**, which announced in December that it raised \$15 million from in-

vestors. The company has trendy tops that are fitted at the waist as well as styles that have an abbreviated peplum look.

**Barco Uniforms** in Los Angeles recently launched Grey's Anatomy Edge, an extension of its Grey's Anatomy line but with a modern, minimalist look that is also functional.

Figs is sold to medical professionals ranging from nurses and doctors working in hospitals to dentists, veterinarians and staff working in doctor's offices and urgent-care facilities.

Dr. Penina Segall, an urgent-care doctor from Pasadena, Calif., said many of the under-30 staff she works with wear Figs.

"If you are going to be wearing something all day," she said, "you don't want to look ugly." ●

COURTESY FIGS



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#### NEW LINES

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ELLEQ INC

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Bonded Apparel *Apparel*

Laced with Love *Apparel*

##### KIDS'

THE GLITTER BOX SHOWROOM

Suite A602

Be Girl Clothing *Apparel*

Bebe Gabriella *Apparel*

Bee Loop *Apparel*

Bibi Footwear

Callalilly *Apparel*

Heart Me Accessories *Accessories*

Jill Yoga *Apparel*

Quimby *Apparel*

Up Baby *Apparel*

We Love Gloss *Apparel*

THE DRESSING ROOM

Suite A610

Jagged Culture *Apparel*

New People Company *Accessories*

Paper Plain *Apparel*

Patrick Brand *Apparel*

Petite 'n Pretty *Accessories*

Sparkle by Stoopher *Apparel*

AB SPOON

Suite A677

Abalulu *Apparel*

BIBs Pacifiers *Accessories*

Donsje Amsterdam *Footwear*

Lemon and Lucy *Apparel*

Tun Tun *Apparel*

RANDEE'S SHOWROOM

Suite A679

Albetta *Accessories*

SHAYNA MASINO SALES

Suite A689

Coccoli *Apparel*

Global Love *Apparel*

#### KIDS'/WOMEN'S

BY DEBBIE/DEB & DAVE

Suite B530

Deb & Dave Handbags *Handbags*

Ruyi Accessories *Accessories*

Starlight Home Goods *Accessories*

Starlight Sunglasses *Eyewear*

#### WOMEN'S

SHARON KOSHET SALES

Suite B557

ARB *Apparel*

Femme Fatale *Apparel*

Journey *Apparel*

Modzori *Apparel*

Tiffany + Cole *Apparel*

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Dena G

Gutentag

Troy Designs

LACOSTE AND LACOSTE

FOOTWEAR

Suite 800

VALERIE HAMBAS SHOWROOM

Suite 1108

Stoneflowers

MOLLY BRACKEN

Suite 1205

Lili Sidonio x Molly Bracken

Molly Bracken

Mini Molly

PERLMANREP

Suite 1205

Desigual

Matt & Nat

Tolani

#### NEW LINES

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Best Mountain

FRNCH Paris

Numero Denim

Primp

ENGEL'S SHOWROOM

Suite 509

COG New York

BARBARA NOGG

Suite 703

Dizzy Lizzie

SHOWROOM SHIFT

Suite 708

RAGNO

STACY KEYES SHOWROOM

Suite 1010

Ro & De

MICHAEL BUSH—LA APPAREL

Suite 1110

Qué



## Copyright *Continued from page 1*

Representing Sanctuary was Jessica Rutherford, a partner in **Ferdinand IP**, which has offices in several cities, including Los Angeles and New York.

"This is the first time an appellate court held a registration was invalid under the Pro IP Act [Prioritizing Resources and Organization for Intellectual Property Act of 2008] without a finding of intent to defraud the copyright office," Rutherford said. "It makes it easier for defendants to prove registration invalid."

"The court made clear that there is a severe downside to bringing cases without valid registration," she explained. "Up until this point, a lot of defendants might have been wary of pursuing meritorious defenses. Even if they won, they still have to spend a significant amount in legal fees."

**Gold Value**, a Los Angeles textile company that does business as **Fiesta Clothing**, was represented by **Doniger/Burroughs**, which has offices in Los Angeles' Venice neighborhood and Brooklyn, N.Y.

Retailers doing business with Sanctuary Clothing, a Los Angeles-headquartered fashion brand, also were sued. Sanctuary's codefendants included **Amazon.com**, **Macy's Inc.** and **Nordstrom Inc.**

### Making the case—again

While Doniger/Burroughs filed a petition to rehear the case, some legal watchers said that the outcome of the case will change some of the business of registering a copyright and what copyright-infringement cases are heard in court.

Pamela Koslyn of the Los Angeles-headquartered **Law Office of Pamela Koslyn** said that the decision will be in-

fluential in the way she handles infringement cases. "I see more reasons to make sure a plaintiff hasn't been sloppy in asserting its claim and has the factual allegations as well as proof that it actually owns the copyrights it's suing on and has complied with every aspect of the copyright act," Koslyn said. "Since the garment industry operates with samples, it's now more important to assert this defense—improper copyright registration as a result of calling a work 'unpublished' when in fact it's been 'published.'"

The bar for evidence has been raised, and it might change the way attorneys work with the law, said Doug Lipstone, an attorney for **Weinberg Gonser LLP**.

"This decision sends the message out to the public that if you seek protection with the copyright act, you have to be using it for the proper purposes," he said. "You have to be using it as a shield, not as a sword."

The Washington, D.C.-based Copyright Office has been criticized for providing little examination or fact-checking of copyrights that are registered, Lipstone and some of his colleagues contend.

Without stringent review of applications, defendants are put in the position of proving their innocence rather than being presumed innocent, Lipstone said. Some lawyers protest that certain material submitted for copyright is not creative enough to merit copyright protection or that applicants may not own the rights they claim.

Scott Burroughs of Doniger/Burroughs said that the recent decision will roll back valuable protections for plaintiffs. "Willful infringers should not be able to evade liability by pointing out a mistake in the copyright registration for the work at issue," he wrote in an email.

Originally filed in 2016, Fiesta's suit alleged that Sanctuary copied a fabric design that was sold at various retailers. Sanctuary's lawyers saw mistakes in the copyright reg-

istration and demanded that the court deem the copyright registration invalid.

The issue started in 2013 when Gold Value filed to copyright a number of patterns. For the copyright registration to be valid, the patterns were not supposed to be published or made available to the public through distribution or sales before the copyright office registered them. But Gold Value had previously sold the pattern, which was being litigated. It was sold to make samples, but Ferdinand IP lawyers said that the pre-registration sale, or publishing, had made the copyright registration invalid.

Gold Value's lawyers said that their clients did not know all of the law when they filed for copyright protection, it was an innocent mistake and the protection should not be thrown out. The court did not agree. It upheld a lower court's previous decision and decided that the copyright continued to be invalid. Due to that determination, Gold Value did not have the legal right to file the copyright-infringement lawsuit.

### The business of defending copyright

Copyright cases are a growth business, according to litigation analytics company **Lex Machina**. Overall copyright-case filings, excluding file-sharing cases, increased 38 percent from 2009 to 2018. Doniger/Burroughs is a big player in this field. In 2018, the firm filed 10.1 percent of copyright-infringement cases, or 310 out of 3,062 cases filed that year.

Copyright-infringement lawsuits are considered a cost of doing business for fashion brands, and Ilse Mettchek, president of the trade group **California Fashion Association**, said it has had a deep impact on the business.

"People are very hesitant to put a print on a garment," she said. "We try to avoid them as an industry unless a brand makes them in their office. It is an outgrowth of these suits."

In May, CFA published a tip sheet for members on how to deal with copyright and the law. Titled "Protect Yourself," it was written by Robert Ezra of **Freeman Freeman & Smiley, LLP**. It included valuable advice regarding receiving an indemnity on patterns or a security from legal liability, applying for copyright-infringement insurance, using designs within public-domain designs, and simply creating proprietary prints. ●



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### CALA Shows

[www.calashows.com](http://www.calashows.com)  
**Products and Services:** CALA Shows, the contemporary apparel show best known for its five-times-yearly San Francisco trade event at Fort Mason Center, and its more recently added Denver show, is pleased to announce the addition this August of CALA Vegas, which will be located at the Hard Rock Hotel Ballroom and run simultaneously with the other Vegas shows. CALA Vegas plans to set itself apart from the already busy Las Vegas apparel exhibition scene in a strategically curated show featuring the best contemporary brands in the industry. A distinctive all-inclusive package includes free hotel rooms for qualified buyers at the fashionable boutique Hard Rock Hotel plus fully catered complimentary cocktails and hors d'oeuvres passed by waiters during show hours. Other amenities will include free WiFi, drayage, and booth power.

### Curve

[eurovet.com/en/](http://eurovet.com/en/)  
Curve is the only show in North America solely dedicated to intimate apparel, sleepwear, and swimwear. The Curve New York and Curve Las Vegas shows are produced by Eurovet Americas, a Eurovet company. The New York show will take place Aug. 4–6 at the Javits Center, while the Las Vegas show will be held Aug. 12–14 at the Las Vegas Convention Center. Interfilière is the leading trade show for intimates, beachwear, and swimwear fabrics. The next editions of the show take place Sept. 26–27 in Shanghai and Oct. 16–17 in New York.

### Dallas Market Center

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**Products and Services:** INTERFILIÈRE is the leading trade show for intimates, beachwear, and swimwear fabrics. The show takes place Oct. 16–17 in New York and Sept. 26–27 in Shanghai. EUROVET is the undisputed world leader in lingerie and swimwear, with international

events in Paris, New York, Shanghai, Hong Kong, Las Vegas, Cannes, and Moscow. It is also the French reference for sports textiles and equipment trade shows.

### Surf Expo

[www.surfexpo.com](http://www.surfexpo.com)  
Surf Expo is the largest and longest-running watersports and beach/resort/lifestyle trade show in the world. Produced annually in January and September, the show draws buyers from specialty stores, major chains, resorts, cruise lines, and beach-rental companies across the U.S., the Caribbean, Central and South America, and around the world. The show features more than 2,500 booths of hard goods, apparel, and accessories and a full lineup of special events including fashion shows, annual awards ceremonies, and demos. The next show is Sept. 5–7 in West Concourse, Fla.

## Finance

### Finance One, Inc.

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Contact: Sean Kim, FVP & Team Leader  
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[seankim@finone.com](mailto:seankim@finone.com)  
**Products and Services:** Finance One, Inc. is a commercial finance company specializing in creating unique financial solutions for small to mid-size businesses. We offer full-service factoring and receivable management services at the most competitive rates, all while maintaining premium quality. By offering a wide array of services, our experienced staff assures our clients' assets are secure. We are undaunted by any challenge, and with a 20-year track record of success, there's no doubt as to why our motto is "Win/Win Factoring."

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Contact: Kevin Yoon  
[kevin.yoon@hanafinancial.com](mailto: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.

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Western Regional Office:  
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[www.milbergfactors.com](http://www.milbergfactors.com)  
Contact: David M. Reza, SVP Western Region  
[dreza@milfac.com](mailto:dreza@milfac.com)  
(818) 649-8662 Fax: (818) 649-7501  
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Contact: John La Lota, Division President  
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555 West 5th Street, Suite 3380  
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[www.whiteoaksf.com](http://www.whiteoaksf.com)  
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[www.cinergytextiles.com](http://www.cinergytextiles.com)  
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[www.progressivelabel.com](http://www.progressivelabel.com)  
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