

Charney Dov
Form 4
July 11, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Charney Dov

(Last) (First) (Middle)

747 WAREHOUSE STREET

(Street)

LOS ANGELES, CA 90021

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

AMERICAN APPAREL, INC [APP]

3. Date of Earliest Transaction (Month/Day/Year)

07/07/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

Chief Executive Officer

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| | | | Code | V | Amount | | |
| Common Stock | 07/07/2011 | | A | | 777,778 | A | |
| | | | | | \$ 0.9 | | |
| | | | | | 45,700,866 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|
| Option (right to buy) | \$ 0.9 | 07/07/2011 | | A | 777,778 | (1) (1) | Common Stock | 777,778 |
| Option (right to buy) | (2) (3) | 07/07/2011 | | A | 6,150,889 | (2)(3) (2)(3) | Common Stock | 6,150,889 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Charney Dov 747 WAREHOUSE STREET LOS ANGELES, CA 90021 | X | X | Chief Executive Officer | |

Signatures

/s/ Dov Charney 07/08/2011

**Signature of Date
Reporting Person

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Pursuant to a Purchase Agreement dated as of April 27, 2011 (the "Purchase Agreement") between the Issuer and the reporting person, subject to the receipt of stockholder approval for the issuance of the shares, the reporting person agreed to purchase from the Issuer 777,778 shares of common stock at a price of \$0.90 per share. The reporting person held sufficient shares of common stock of the Issuer to approve the issuance of the 777,778 shares of common stock without further affirmative votes from the other stockholders and reported this in Table II on the reporting person's Form 4 filed on April 29, 2011. On June 21, 2011, stockholder approval for the issuance of the shares was received and the reporting person purchased 777,778 shares of common stock from the Issuer at a price of \$0.90 per share on July 7, 2011.

Pursuant to the Purchase Agreement, the reporting person will receive a right to receive up to an additional 25,319,988 shares of common stock as anti-dilution protection with respect to the issuance of shares of common stock to certain other investors in the Issuer in proportion to the exercise by such investors of their right to purchase up to an aggregate of 27,443,173 additional shares of common stock. On July 7, 2011, such investors exercised their right to purchase 6,666,666 shares of common stock and as a result the reporting person received a right to receive an additional 6,150,889 shares of common stock (the "Purchase Right Anti-Dilution Shares").

The Purchase Right Anti-Dilution Shares are issuable in three equal installments, one per each measurement period set forth below, subject to meeting the applicable average volume weighted closing price for 60 consecutive trading days, calculated as set forth in the Purchase Agreement ("VWAP") as follows: (i) for the measurement period from April 16, 2012 to and including April 15, 2013, if the VWAP of the common stock during a period of 60 consecutive trading days exceeds \$3.25 per share; (ii) for the measurement period from but not including April 16, 2013 to and including April 15, 2014, if the VWAP of the common stock during a period of 60 consecutive trading days exceeds \$4.25 per share; and (iii) for the measurement period from but not including April 16, 2014 to and including April 15, 2015, if the VWAP of the common stock during a period of 60 consecutive trading days exceeds \$5.25 per share.

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