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GUGGENHEIM CAPITAL LLC
Form SC 13D
June 27, 2006

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934

TARRANT APPAREL GROUP
(Name of Issuer)

Common Stock, no par value per share

(Title of Class of Securities)

876289 109
(CUSIP Number)

Guggenheim Capital, LLC
227 West Monroe Street, Suite 4900
Chicago, IL 60606
Attn: James L. Foorman
(312) 827-0100

with a copy to:

Dennis Sullivan
Sullivan & Cromwell LLP
1701 Pennsylvania Avenue, N.W.
Washington, DC 20006-5805
(202) 956-7500

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

June 16, 2006

(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this Schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the "Act"), or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. NAME OF REPORTING PERSON

Guggenheim Capital, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3. SEC Use Only

4. SOURCE OF FUNDS

Not Applicable

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

-0-

Number Of Shares
Beneficially Owned
By Each Reporting
Persons With

8. SHARED VOTING POWER

3,500,000 (1)

9. SOLE DISPOSITIVE POWER

-0-

10. SHARED DISPOSITIVE POWER

3,500,000 (1)

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,500,000

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

10.3%

14. TYPE OF REPORTING PERSON

HC, OO

(1) Power over 1,892,857 shares is exercised through Guggenheim Investment Management, LLC, which is a subsidiary of Guggenheim Capital, LLC. Power over 1,607,143 shares is exercised through Midland Advisors Company, which is a subsidiary of Guggenheim Capital, LLC.

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CUSIP No. 876289 109

1. NAME OF REPORTING PERSON

Guggenheim Investment Management, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)
(b)

3. SEC Use Only

4. SOURCE OF FUNDS

Not Applicable

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

-0-

Number Of Shares
Beneficially Owned
By Each Reporting
Persons With

8. SHARED VOTING POWER

1,892,857

9. SOLE DISPOSITIVE POWER

-0-

10. SHARED DISPOSITIVE POWER

1,892,857

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,892,857

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
(1)

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.8%

14. TYPE OF REPORTING PERSON

IA, OO

(1) Guggenheim Investment Management, LLC disclaims membership in a group, and thus disclaims beneficial ownership of securities beneficially owned directly by North American Company for Life and Health Insurance and Midland National Life Insurance Company.

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CUSIP No. 876289 109

1. NAME OF REPORTING PERSON

Orpheus Holdings, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3. SEC Use Only

4. SOURCE OF FUNDS

WC

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2 (d) OR 2 (e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7. SOLE VOTING POWER

1,892,857 (1)

Number Of Shares
Beneficially Owned
By Each Reporting
Persons With

8. SHARED VOTING POWER

-0-

9. SOLE DISPOSITIVE POWER

1,892,857 (1)

10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,892,857 (1)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
(2)

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.8%

14. TYPE OF REPORTING PERSON

WC

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- (1) Power is exercised through Guggenheim Investment Management, LLC, which is the manager of Orpheus Holdings, LLC.
- (2) Orpheus Holdings, LLC disclaims membership in a group, and thus disclaims beneficial ownership of securities beneficially owned directly by North American Company for Life and Health Insurance and Midland National Life Insurance Company.

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CUSIP No. 876289 109

1. NAME OF REPORTING PERSON

Midland Advisors Company

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3. SEC Use Only

4. SOURCE OF FUNDS

Not Applicable

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

South Dakota

7. SOLE VOTING POWER

-0-

Number Of Shares
Beneficially Owned
By Each Reporting
Persons With

8. SHARED VOTING POWER

1,607,143

9. SOLE DISPOSITIVE POWER

-0-

10. SHARED DISPOSITIVE POWER

1,607,143

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,607,143

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (1)

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13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.0%

14. TYPE OF REPORTING PERSON

OO

(1) Midland Advisors Company disclaims membership in a group, and thus disclaims beneficial ownership of securities beneficially owned directly by Orpheus Holdings, LLC.

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CUSIP No. 876289 109

1. NAME OF REPORTING PERSON

North American Company for Life and Health Insurance

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3. SEC Use Only

4. SOURCE OF FUNDS

WC

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Illinois

7. SOLE VOTING POWER

642,857 (1)

Number Of Shares
Beneficially Owned
By Each Reporting
Persons With

8. SHARED VOTING POWER

-0-

9. SOLE DISPOSITIVE POWER

642,857 (1)

10. SHARED DISPOSITIVE POWER

-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

642,857 (1)

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12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (2) [X]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.1%

14. TYPE OF REPORTING PERSON

OO

- (1) Power is exercised through Midland Advisors Company, which is the agent of North American Company for Life and Health Insurance.
- (2) North American Company for Life and Health Insurance disclaims membership in a group, and thus disclaims beneficial ownership of securities beneficially owned directly by Orpheus Holdings, LLC and Midland National Life Insurance Company.

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CUSIP No. 876289 109

1. NAME OF REPORTING PERSON

Midland National Life Insurance Company

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [] (b) [X]

3. SEC Use Only

4. SOURCE OF FUNDS

WC

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Iowa

7. SOLE VOTING POWER

964,286 (1)

Number Of Shares Beneficially Owned By Each Reporting Persons With

8. SHARED VOTING POWER

-0-

9. SOLE DISPOSITIVE POWER

964,286 (1)

10. SHARED DISPOSITIVE POWER

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-0-

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

964,286 (1)

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [X]
(2)

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.1%

14. TYPE OF REPORTING PERSON

OO

- (1) Power is exercised through Midland Advisors Company, which is the agent of Midland National Life Insurance Company.
(2) Midland National Life Insurance Company disclaims membership in a group, and thus disclaims beneficial ownership of securities beneficially owned directly by Orpheus Holdings, LLC and North American Company for Life and Health Insurance.

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ITEM 1. SECURITY AND ISSUER.

The class of equity securities to which this Statement on Schedule 13D (this "Statement") relates is the common stock, no par value per share (the "Common Stock"), of Tarrant Apparel Group, a California corporation ("TAG"). The principal executive offices of TAG are located at 3151 East Washington Blvd., Los Angeles, CA 90023.

ITEM 2. IDENTITY AND BACKGROUND.

This Schedule 13D is being filed jointly by (i) Guggenheim Capital, LLC, a Delaware limited liability company ("GC"), (ii) Guggenheim Investment Management, LLC, a Delaware limited liability company ("GIM"), (iii) Orpheus Holdings, LLC, a Delaware limited liability company ("Orpheus"), (iv) Midlands Advisors Company, an [Iowa corporation] ("MAC"), (v) North American Company for Life and Health Insurance, an Illinois corporation ("NACOLAH") and (vi) Midland National Life Insurance Company, an Iowa corporation ("MNLIC"). GC, GIM, Orpheus, MAC, NACOLAH and MNLIC are sometimes hereinafter referred to as the "Reporting Persons." The Reporting Persons are making this single, joint filing because they may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Act, although neither the fact of this filing nor anything contained herein shall be deemed to be an admission by the Reporting Persons that a group exists.

The state of organization for each of GC, GIM and Orpheus is Delaware. The state of organization for MAC is South Dakota. The state of organization for MNLIC is Iowa. The state or organization for NACOLAH is Illinois. The principal business address of GC, which also serves as its principal office, is 227 West Monroe Street, Chicago, IL 60606. The principal business address of GIM and Orpheus, which also serves as their principal office, is located at 135 East

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57th Street, New York, NY 10022. The principal business address of MAC, which also serves as its principal office, is located at 200 East 10th Street, Suite 301, Sioux Falls, SD 57104. The principal business address of MNLIC, which also serves as its principal office, is located at One Midland Plaza, Sioux Falls, SD 57193. The principal business address of NACOLAH, which also serves as its principal office, is located at 525 West Van Buren, Chicago, IL 60607.

The principal business of Orpheus is to make direct and indirect loans and investments in corporate interests. The principal business of GIM is to serve as the manager of Orpheus and other investment entities. The principal business of GC is to provide diversified investment services. The principal business of MNLIC and NACOLAH is to provide insurance and annuity related products and services. The principal business of MAC is to serve as investment agent of MNLIC and NACOLAH and other investment entities.

Schedules 1 through 6 hereto set forth the following information with respect to each executive officer and director or manager of the Reporting Persons: (i) name, (ii) business address, (iii) citizenship and (iv) present principal occupation or employment and the name of any other corporation or other organization in which such employment is conducted.

During the past five years, none of the Reporting Persons, nor to the best of their knowledge, any person identified on Schedules 1 through 6 has (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such

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proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or state securities laws or finding any violation with respect to such laws.

The Reporting Persons have entered into a Joint Filing Agreement, dated as of June 26, 2006, a copy of which is attached hereto as Exhibit 8.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

On June 16, 2006, Orpheus, MNLIC and NACOLAH acquired warrants (the "Warrants") immediately exercisable for 1,892,857, 964,286 and 642,857 shares of Common Stock respectively, pursuant to the Warrants Purchase Agreement (the "Purchase Agreement"), dated June 16, 2006, among TAG, Orpheus, MNLIC, NACOLAH, and Durham Capital Corporation, a New York corporation. Pursuant to the Purchase Agreement, on June 16, 2006, TAG issued the Warrants in connection with the execution of a \$65 million credit facility (the "Credit Facility") described in the Credit Agreement (the "Credit Agreement"), dated June 16, 2006, among TAG, certain subsidiary borrowers and guarantors, Guggenheim Corporate Funding, LLC, an affiliate of GIM, as administrative agent and collateral agent for the lenders, and Orpheus, MNLIC and NACOLAH as lenders. The Credit Facility under the Credit Agreement consists of an initial term loan facility with availability of up to \$25 million and an additional term loan of up to \$40 million will be available under this facility to finance acquisitions acceptable to Guggenheim. All amounts under the term loans become due and payable in December 2010. The Credit Facility contains financial covenants, including covenants that TAG maintain minimum levels of EBITDA and interest coverage ratios and limitations on additional indebtedness, and negative covenants.

The Warrants have a term of 10 years. The Warrants are exercisable at a

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price of \$1.88 per share with respect to 20% of the shares of Common Stock underlying the Warrant, \$2.00 per share with respect to 20% of the shares, \$3.00 per share with respect to 20% of the shares, \$3.75 per share with respect to 20% of the shares and \$4.50 per share with respect to 20% of the shares. The exercise prices are subject to adjustment for certain dilutive issuances pursuant to the terms of the Warrants.

The terms of the Warrants provide that upon the borrowing of an additional amount of up to \$2.5 million under the Credit Facility pursuant to Section 2.3 of the Credit Agreement, the Warrants shall become exercisable for 178,571, 107,143 and 71,429 additional shares of Common Stock for Orpheus, MNLIC and NACOLAH, respectively. The Credit Agreement provides that additional Warrants will be issued to the lenders under the Credit Agreement in connection with the funding of additional amounts under the Credit Facility.

ITEM 4. PURPOSE OF TRANSACTION.

The information contained in Item 6 of this Statement is hereby incorporated by reference herein.

The Reporting Persons have acquired the Warrants in connection with providing the commitments and term loans under the Credit Facility. The Warrants were acquired for investment purposes. Consistent with the terms of the Credit Agreement, the Reporting Persons have had, and may have in the future, discussions with management of TAG and may make

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suggestions concerning TAG's operations, prospects, business and financial strategies, assets and liabilities, business and financing alternatives and such other matters as the Reporting Persons may deem relevant to their extension of credit. Each Reporting Person expects that it will, from time to time, review its investment position in TAG and may, depending on market and other conditions, choose to exercise the Warrants to obtain the underlying shares of TAG Common Stock.

Whether the Reporting Persons exercise the Warrants, purchase any additional securities of TAG, or dispose of any securities of TAG, and the amount and timing of any such transactions, will depend upon the Reporting Persons' individual continuing assessments of pertinent factors, including the availability of securities of TAG for purchase at particular price levels, TAG's and the particular Reporting Person's business and prospects, other business investment opportunities available to the particular Reporting Person, economic conditions, stock market conditions, money market conditions, the attitudes and actions management of TAG, the availability and nature of opportunities to dispose of the particular Reporting Person's interest in TAG, to realize trading profits or minimize trading losses, and other plans and requirements of the particular Reporting Person. Depending upon its individual assessments of these factors from time to time, each Reporting Person may change its present intentions as stated above, including determining to acquire additional securities of TAG (by means of open market or privately negotiated purchases) or to dispose of some or all of the securities of TAG held by or under the control of such Reporting Person. In addition, each Reporting Person may from time to time enter into equity swap or other derivative transactions with respect to its investment in the securities of TAG. Each Reporting Person may have discussions with the Company or take actions with respect to the covenants and agreements, and any future draw-downs, under the Credit Agreement and related documents with respect to the Credit Facility, and may waive or fail to waive any covenants and take actions, including calling a default, with respect to its commitments under

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the Credit Facility in its sole discretion.

Except as described herein, at the present time the Reporting Persons have no plans or proposals which relate to or would result in (a) the acquisition by any person of additional securities of TAG, or the disposition of securities of TAG, (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving TAG or any of its subsidiaries, (c) a sale or transfer of a material amount of the assets of TAG or any of its subsidiaries, (d) any change in the present board of directors or management of TAG, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board, (e) any material change in the present capitalization or dividend policy of TAG, (f) any other material change in TAG's business or corporate structure, (g) changes in TAG's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of TAG by any person, (h) a class of securities of TAG being delisted from a national securities exchange or ceasing to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association, (i) a class of equity securities of TAG becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Act or (j) any action similar to any of those enumerated above. The Reporting Persons, however, expect to evaluate on an ongoing basis TAG's financial condition, business, operations and prospects, the market price of TAG Common Stock, conditions in the securities markets generally, general economic and industry conditions and other factors it deems appropriate. Accordingly, the Reporting Persons reserve the right to change its plans and intentions at any time, as it deems

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appropriate, subject to relevant legal restrictions and certain contractual restrictions described in Item 6 below.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

The information contained in Item 6 of this Statement is hereby incorporated by reference herein.

(a) Percentage interest calculations for each Reporting Person are based upon TAG having 30,543,763 total outstanding shares of Common Stock as of May 12, 2006, according to TAG's most recent Form 10-Q filing (the "10-Q") on May 16, 2006, plus such additional number of shares as would be created if the respective Reporting Person exercised all of its Warrants.

Each Reporting Person disclaims beneficial ownership of all shares of Common Stock in which such Reporting Person does not have a pecuniary interest.

(b) Orpheus is the owner of Warrants corresponding to 1,892,857 underlying shares of Common Stock. NACOLAH is the owner of Warrants corresponding to 642,857 underlying shares of Common Stock. MNLIC is the owner of Warrants corresponding to 964,286 underlying shares of Common Stock.

As the manager of Orpheus, GIM may be deemed to beneficially own Warrants corresponding to 1,892,857 underlying shares of Common Stock. As the agent of NACOLAH and MNLIC, MAC may be deemed to beneficially own Warrants corresponding to 1,607,143 underlying shares of Common Stock. As the parent of GIM and MAC, GC may be deemed to beneficially own Warrants corresponding to 3,500,000 underlying shares of Common Stock.

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The Reporting Persons disclaim membership in a group, as defined in Section 13(d)(3) of the Act. The amount of shares of Common Stock held by all Reporting Persons in the aggregate hereunder equals 10.3% of TAG's Common Stock, which percentage is calculated based upon the 30,543,763 shares of Common Stock reported outstanding by TAG as of May 12, 2006, as disclosed in the 10-Q, and the additional 3,500,000 shares of Common Stock that would be created if all Reporting Persons exercised their Warrants.

(c) The Reporting Persons have not effected any transactions in TAG Common Stock directly or indirectly during the 60 days prior to the date of this Schedule 13D.

(d) No one other than the Reporting Persons has the power to exercise the Warrants described in Item 3.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Credit Agreement

A copy of the Credit Agreement is attached as Exhibit 1 hereto and is incorporated by reference herein. The description of the Credit Agreement in this Statement is subject to, and qualified in its entirety by, the full text of the Credit Agreement.

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Purchase Agreement

Subject to the terms and conditions set forth in the Purchase Agreement, TAG agreed to issue the Warrants described in Item 5(b) of this form. A copy of the Purchase Agreement is attached as Exhibit 2 hereto and is incorporated by reference herein. The description of the Purchase Agreement in this Statement is subject to, and qualified in its entirety by, the full text of the Purchase Agreement.

Registration Rights Agreement

TAG has agreed to file and use its best efforts to cause to be declared effective a registration statement under the Securities Act of 1933, as amended, with respect to the shares of Common Stock underlying the Warrants. A copy of the Registration Rights Agreement is attached as Exhibit 3 hereto and is incorporated by reference herein. The description of the Registration Rights Agreement in this Statement is subject to, and qualified in its entirety by, the full text of the Registration Rights Agreement.

Warrant Agreements

Copies of the Warrant Agreements are attached as Exhibits 4 through 6 hereto and are incorporated by reference herein. The description of the Warrant Agreements in this Statement is subject to, and qualified in its entirety by, the full text of the Warrant Agreements.

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Co-Sale Letter Agreement

Gerard Guez ("Guez") and Todd Kay ("Kay"), both shareholders, executive officers and members of the board of directors of TAG, have agreed with Orpheus, MNLIC and NACOLAH that such Reporting Persons shall have the right to participate in certain proposed sales of TAG Common Stock not involving a public offering by either Guez or Kay. Orpheus, MNLIC and NACOLAH are collectively entitled to participate in an amount up to 33.33% of the total sale. A copy of the Co-Sale Letter Agreement is attached as Exhibit 7 hereto and is incorporated by reference herein. The description of the Co-Sale Letter Agreement in this Statement is subject to, and qualified in its entirety by, the full text of the Co-Sale Letter Agreement.

Except as set forth herein or in the exhibits filed herewith, there are no other contracts, arrangements, understandings or relationships of the type required to be disclosed in response to Item 6 of Schedule 13D.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit 1: Credit Agreement, dated as of June 16, 2006, by and among Tarrant Apparel Group, Fashion Resource (Tcl), Inc., Tag Mex, Inc., United Apparel Ventures, LLC, Private Brands, Inc., No! Jeans, Inc., as Borrowers; the other Credit Parties party thereto from time to time, as Guarantors; the Lenders party thereto from time to time; and Guggenheim Corporate Funding, LLC, as Administrative Agent and Collateral Agent for the Lenders.

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Exhibit 2: Warrants Purchase Agreement, made and entered into as of June 16, 2006, among Tarrant Apparel Group, Inc., Orpheus Holdings, LLC, North American Company for Life and Health Insurance, Midland National Life Insurance Company and Durham Capital Corporation.

Exhibit 3: Registration Rights Agreement, made and entered into as of June 16, 2006, among Tarrant Apparel Group, Inc., Orpheus Holdings, LLC, North American Company for Life and Health Insurance, Midland National Life Insurance Company and Durham Capital Corporation.

Exhibit 4: Warrant Agreement, dated as of June 16, 2006, by and between Tarrant Apparel Group, Inc., and Orpheus Holdings, LLC.

Exhibit 5: Warrant Agreement, dated as of June 16, 2006, by and between Tarrant Apparel Group, Inc., and North American Company for Life and Health Insurance.

Exhibit 6: Warrant Agreement, dated as of June 16, 2006, by and between Tarrant Apparel Group, Inc., and Midland National Life Insurance Company.

Exhibit 7: Co-Sale Letter Agreement, made and entered into as of June 16, 2006, among Gerald Guez, Todd Kay, Orpheus Holdings, LLC, North American Company for Life and Health Insurance and Midland National Life Insurance Company.

Exhibit 8: Joint Filing Agreement, dated June 26, 2006 among Guggenheim

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Investment Management, LLC, Orpheus Holdings, LLC, Midland
Advisors Company, North American Company for Life and Health
Insurance and Midland National Life Insurance Company.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify
that the information set forth in this statement is true, complete and correct.

June 26, 2006

Guggenheim Capital, LLC

/s/ Todd Boehly

Name: Todd Boehly
Title: Managing Partner

Guggenheim Investment Management, LLC

/s/ Todd Boehly

Name: Todd Boehly
Title: Managing Partner

Orpheus Holdings
By: Guggenheim Investment Management, LLC,
Manager

/s/ Todd Boehly

Name: Todd Boehly
Title: Managing Partner

Midland Advisors Company

/s/ Todd Boehly

Name: Todd Boehly
Title: Managing Partner

North American Company for Life and Health
Insurance
By: Midland Advisors Company, Agent

/s/ Todd Boehly

Name: Todd Boehly
Title: Managing Partner

Midland National Life Insurance Company
By: Midland Advisors Company, Agent

/s/ Todd Boehly

Name: Todd Boehly
Title: Managing Partner

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ATTENTION: INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACT
CONSTITUTES FEDERAL CRIMINAL VIOLATIONS (SEE 18 U.S.C. 1001)

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SCHEDULE 1

DIRECTORS AND EXECUTIVE OFFICERS OF
GUGGENHEIM CAPITAL, LLC

Unless otherwise specified, the business address for each of the individuals listed below is 227 West Monroe Street, Suite 4900, Chicago, IL, 60606.

Each of the individuals listed below is a citizen of the United States of America.

NAME	PRESENT AND PRINCIPAL OCCUPATION	ADDRESS (if different)
Jonathan T. Morley	Executive Committee Member	135 East 57th Street New York, NY 10022
Mark R. Walter	CEO	
Peter Lawson-Johnston	Executive Committee Member	135 East 57th Street New York, NY 10022
Homer J. Holland	CEO, Holland Partners	Holland Partners 7301 E. Sundance Trail, D201 Po Box 5402 Carefree, AZ 85377

SCHEDULE 2

DIRECTORS AND EXECUTIVE OFFICERS OF
GUGGENHEIM INVESTMENT MANAGEMENT, LLC

Unless otherwise specified, the business address for each of the individuals listed below is 135 East 57th Street, New York, NY 10022.

Each of the individuals listed below is a citizen of the United States of America.

NAME	PRESENT AND PRINCIPAL OCCUPATION	ADDRESS (if different)
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Stephen D. Sautel Managing Director

Todd L. Boehly Managing Director

Adrian G.W. Duffy Managing Director

Kenneth Nick Chief Compliance Officer

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SCHEDULE 3

DIRECTORS AND EXECUTIVE OFFICERS OF
ORPHEUS HOLDINGS, LLC

Unless otherwise specified, the business address for each of the individuals listed below is 135 East 57th Street, New York, NY 10022.

Each of the individuals listed below is a citizen of the United States of America.

NAME	PRESENT AND PRINCIPAL OCCUPATION	ADDRESS (if different)
----- Donald J. Puglisi	Director	c/o Puglisi & Associates 850 Library Avenue, Suite 204 Newark, Delaware 19711 -----

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SCHEDULE 4

DIRECTORS AND EXECUTIVE OFFICERS OF
MIDLAND ADVISORS COMPANY

Unless otherwise specified, the business address for each of the individuals listed below is 200 East 10th Street, Suite 301, Sioux Falls, SD 57104.

Each of the individuals listed below is a citizen of the United States of America.

NAME	PRESENT AND PRINCIPAL OCCUPATION	ADDRESS (if different)
----- E. John Fromelt	Director and President	-----
----- Mark R. Walter	Director	227 West Monroe, Suite 4900 Chicago, IL 60606

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Dominic J. Curcio	Director	227 West Monroe, Suite 4900 Chicago, IL 60606
Byron Scott Minerd	Director	100 Wilshire Blvd., Santa Monica, CA 90401
Tyson D. Rehfeld	Vice President	
Scott W. Van Horssen	Assistant Vice President	

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SCHEDULE 5

DIRECTORS AND EXECUTIVE OFFICERS OF
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE

Unless otherwise specified, the business address for each of the individuals listed below is 525 West Van Buren, Chicago, IL 60607.

Each of the individuals listed below is a citizen of the United States of America.

NAME	PRESENT AND PRINCIPAL OCCUPATION	ADDRESS (if different)
Gary J. Gaspar	Director, Sr. Vice President and CIO	
Michael M. Masterson	Director, Chairman and CEO	
John J. Craig II	Director and Sr. Vice President	
Robert W. Korba	Director	5949 Sherry Lane, Suite 1900 Dallas, TX 75225
Roland C. Barker	Director	5342 South Shore Drive Chicago, IL 60615
Willard Bunn III	Director, Investment Banker	Baytree Bancorp 9 Market Square Court Lake Forest, IL 60045-1406
William D. Heinz	Director, Attorney	Jenner & Block One IBM Plaza Chicago, IL 60611

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Ronald H. Ridlehuber	Director, President and COO	

Stephen P. Horvat Jr.	Sr. Vice President - General Counsel and Secretary	

Thomas M. Meyer	Sr. Vice President and Treasurer	One Midland Plaza Sioux Falls, SD 57193

Donald J. Iverson	Sr. Vice President and Actuary	One Midland Plaza Sioux Falls, SD 57193

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SCHEDULE 6

DIRECTORS AND EXECUTIVE OFFICERS OF
MIDLAND NATIONAL LIFE INSURANCE COMPANY

Unless otherwise specified, the business address for each of the individuals listed below is One Midland Plaza, Sioux Falls, SD 57193.

Each of the individuals listed below is a citizen of the United States of America.

NAME	PRESENT AND PRINCIPAL OCCUPATION	ADDRESS (if different)
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Steven C. Palmitier	Director, President and COO	

Michael M. Masterson	Director, Chairman and CEO	525 West Van Buren Chicago, IL 60607

John J. Craig II	Director and Sr. Vice President	525 West Van Buren Chicago, IL 60607

Robert W. Korba	Director	5949 Sherry Lane, Suite 1900 Dallas, TX 75225

Donald J. Iverson	Director, Sr. Vice President and Actuary	

Stephen P. Horvat Jr.	Sr. Vice President and Chief Legal Officer	525 West Van Buren Chicago, IL 60607

Thomas M. Meyer	Sr. Vice President and CFO	

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