

AMERICAN APPAREL, INC
Form SC 13G/A
January 31, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

(Rule 13d-102)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULES 13d-1(b), (c), AND (d) AND AMENDMENTS THERETO FILED**

PURSUANT TO RULE 13d-2(b)

(Amendment No. 1)*

AMERICAN APPAREL, INC.

(Name of Issuer)

Common Stock, \$0.0001 par value

(Title of Class of Securities)

023850 100

(CUSIP Number)

December 31, 2007

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required in 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 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).

13G

1 NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

Eric J. Watson

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

New Zealand

5 SOLE VOTING POWER

NUMBER OF

SHARES

1,775,000 Shares

6 SHARED VOTING POWER

BENEFICIALLY

OWNED BY

0

EACH

7 SOLE DISPOSITIVE POWER

REPORTING

PERSON

1,775,000 Shares

8 SHARED DISPOSITIVE POWER

WITH

0

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,775,000 Shares

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

3.4%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

*** See instructions before filling out.**

CUSIP No. 023850 100

Page 3 of 6 Pages

13G

Item 1(a). Name of Issuer:

American Apparel, Inc. (Issuer)

Item 1(b). Address of Issuer's Principal Executive Offices:

747 Warehouse Street, Los Angeles, California 90021

Item 2(a). Name of Persons Filing:

Eric J. Watson (Watson)

Item 2(b). Address of Principal Business Office or, if None, Residence:

The principal business address of Watson is 590 Madison Avenue, 21st Floor, New York, New York 10022

Item 2(c). Citizenship:

Watson is a New Zealand citizen

Item 2(d). Title of Class of Securities:

Common Stock, par value \$.0001 per share

Item 2(e). CUSIP Number:

023850 100

Item 3. If This Statement is Filed Pursuant to Rules 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing is a:

- (a) Broker or dealer registered under Section 15 of the Exchange Act;
- (b) Bank as defined in Section 3(a)(6) of the Exchange Act;
- (c) Insurance company as defined in Section 3(a)(19) of the Exchange Act;
- (d) Investment company registered under Section 8 of the Investment Company Act;

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- (e) " An investment adviser in accordance with Rule 13d-1(b)(ii)(E);
- (f) " An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g) " A parent holding company or control person in accordance with Rule 13d-1(b)(ii)(G)
- (h) " A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) " A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j) " Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

13G

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

Watson beneficially owns 1,775,000 shares of common stock, representing shares held by Tower Trust, a trust established for the benefit of Watson and his family.

(b) Percent of Class:

3.4%

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote:

1,775,000 shares of common stock

(ii) Shared power to vote or to direct the vote:

0 shares of common stock

(iii) Sole power to dispose or to direct the disposition of:

1,775,000 shares of common stock

(iv) Shared power to dispose or to direct the disposition of:

0 shares of common stock

Instruction: For computations regarding securities which represent a right to acquire an underlying security *see* Rule 13d-3(d)(1).

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following: x

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

None.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

None.

Item 8. Identification and Classification of Members of the Group.

None.

Item 9. Notice of Dissolution of Group.

None.

CUSIP No. 023850 100

Page 5 of 6 Pages

13G

Item 10. Certifications.

None.

13G
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.

Dated: January 30, 2008

/s/ Eric J. Watson
Eric J. Watson