

# WORKER RIGHTS CONSORTIUM FACTORY ASSESSMENT

*Severance and Wage Theft from Workers at Style Avenue  
(El Salvador Supplier of Licensed Apparel to Outerstuff)  
Findings, Recommendations and Licensee Response*



Workers gather outside Style Avenue in May 2023 after learning the Outerstuff supplier factory had permanently closed, while owing workers approximately \$1.8 million.

*December 12, 2023*



WORKER RIGHTS  
CONSORTIUM

1990 K Street, NW, Suite 410  
Washington, DC 20006  
(202) 387-4884 | [www.workersrights.org](http://www.workersrights.org)

## Table of Contents

I.	Introduction and Executive Summary .....	3
II.	Methodology .....	11
III.	Findings: Theft of Legally Owed Wages, Severance, and Other Benefits from Workers Who Produced for Outerstuff at Style Avenue .....	12
A.	Background .....	12
1.	2011-2021: Outerstuff Supplier Style Avenue's Track Record of Cheating Workers and Violating Labor Rights.....	12
2.	August 2022–April 2023: Outerstuff Supplier Style Avenue Suspends Workforce, Factory Owner Jailed by Government for Unpaid Payroll Contributions, Factory Ceases Operations .....	12
B.	Outerstuff Supplier Style Avenue Closes without Paying Workers \$1.8 Million in Legally Due Wages, Severance, Other Benefits.....	14
C.	Impact of Outerstuff Supplier Style Avenue's \$1.8 Million Wage and Severance Theft on Former Factory Workers and Their Families.....	15
IV.	Recommendations for Corrective Action, Licensee Response, and Current Status..	17

## I. Introduction and Executive Summary

This report details the findings of an investigation by the Worker Rights Consortium (WRC) of the denial of approximately \$1.8 million in legally owed wages, severance, health and pension benefits, and other terminal compensation to 244 former workers of the now-closed garment factory, Style Avenue S.A de C.V., in Ilopango, El Salvador. Before the factory ceased operations in February 2023, its primary buyer, for many years, was Outerstuff, LLC, a New York-based company which produces children's apparel under licenses from numerous US universities; professional sports leagues, teams, and players; and other top licensors, like The Walt Disney Company.

Workers in the low-wage apparel sector are rarely able to accumulate appreciable savings; when workers, like many at Style Avenue, have toiled at a factory for a decade or more, their accrued severance is effectively their life's savings. The majority of the Style Avenue workers are owed the equivalent of at least *18 months* of wages. Some are owed far more. If these workers are not paid the money they earned, the result will be grievous and long-term damage to them and to their families.

Style Avenue dedicated its production almost exclusively to Outerstuff for many years. The company advised the WRC, in a message sent in May of 2023, that "Outerstuff invested our business with [Style Avenue] for over 10 years as a buyer that was basically 100% of their capacity year to year."<sup>1</sup> Outerstuff used the Style Avenue factory to manufacture collegiate licensed children's apparel (including under both the College Vault and Team Athletics labels); non-collegiate licensed children's apparel that was co-branded with Disney, the National Basketball Association, and the National Football League (i.e., apparel, such as infants' "onesies", with each item bearing the image of either Disney or Marvel characters and the name and logo of either an NBA or NFL team); non-Disney-branded NFL and NBA logo apparel; and other products.

As discussed in this report, the WRC finds that Outerstuff's failure to ensure that Style Avenue's workers received the wages, severance, and other benefits they legally earned is a violation of its labor rights obligations to its university licensors, as well as a violation of Disney's labor standards and, potentially, those of other licensors.<sup>2</sup> In addition to the licensors named above, Outerstuff, which is privately owned, also holds or has recently held licenses, many of them exclusive, to produce and market logo children's apparel from such entities as FIFA (World Cup soccer),

---

<sup>1</sup> Outerstuff, Email to the WRC, May 29, 2023.

<sup>2</sup> These commitments are established in the CLC Standard Retail Product License Agreement, to which Outerstuff is a party, and in the Disney Code of Conduct for Manufacturers, which governs manufacturing of Disney merchandise. CLC Standard Retail Product License Agreement, Secs. 13(a)(viii) ("Licensee shall: (a) promptly notify CLC and the applicable Collegiate Institution(s) in the event Licensee determines or discovers that a violation of the Code of Conduct has occurred ... or the FLA or WRC notifies Licensee that such a violation has occurred, [and] (b) take prompt action to expeditiously remedy such occurrence to the reasonable satisfaction of CLC and the Collegiate Institution(s) ..."), 14(a)(ii) A ("Licensees shall pay employees, as a floor, at least the minimum wage required by local law ... and shall provide legally mandated benefits."), and 16(b) (Defaults) (xv) ("Licensee violates the Code of Conduct or any monitoring requirements established by the applicable respective Collegiate Institutions and Licensee fails to effectively remediate said violation within a time period that is reasonable with respect to the nature and extent of the violation."). Walt Disney Company, Code of Conduct for Manufacturers, "Manufacturers will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime, maximum hours, piece rates and other elements of compensation and provide legally mandated benefits." (Note that a previous version of this report cited an earlier version of the CLC agreement. The version cited here is the 2023 agreement.)

Liverpool Football Club, Major League Baseball, Major League Soccer, McLaren Formula One, the NFL Players Association, the National Hockey League, the U.S. Olympic Committee, and the WNBA Players Association.<sup>3</sup> NFL Properties, the league’s marketing arm, has been an equity investor in Outerstuff.<sup>4</sup>

## **A. Style Avenue Closed Owing Workers Approximately \$1.8 Million in Wages and Severance Benefits, after a Lengthy History of Labor Rights Violations**

The Style Avenue factory ceased operations in February 2023 when one of its owners was jailed by Salvadoran authorities for having failed to make legally required contributions for employees to government healthcare and retirement funds. Although the owner was subsequently released, the factory never resumed operation and formally closed on May 29, 2023.<sup>5</sup>

Based on calculations prepared by the Salvadoran Ministry of Labor, the former employees of Style Avenue are legally owed approximately \$1.8 million in unpaid wages, severance, and health and pension contributions.<sup>6</sup> Style Avenue informed workers, when the factory closed, that it had initiated a process to file for bankruptcy, and there is no realistic prospect that its owners will be able to pay the workers their legal due.

As outlined in this report, during the many years it supplied Outerstuff, the Style Avenue factory was frequently cited for mistreatment of workers and for violating both Salvadoran law and the labor standards of universities and other licensors. Reports issued by the WRC and other factory monitoring and labor rights organizations documented numerous prior incidents of wage theft, abusive treatment, violations of freedom of association (the right to join a union), and unsafe working conditions at the factory.<sup>7</sup>

## **B. Outerstuff Had Notice Factory Was Likely to Fail to Pay Workers Wages and Severance Benefits When It Closed**

After being uncovered by the WRC and other organizations, many of these previous violations were eventually remedied; however, noncompliance with Salvadoran law and licensor standards—in particular, failure to make legally required contributions for workers’ healthcare and retirement—remained a recurring problem at the Style Avenue factory until its closure. These preceding events

---

<sup>3</sup> “Brands,” and “Pressbox,” Outerstuff, LLC, [www.outerstuff.com](http://www.outerstuff.com); “Licensees,” NFL Players Association, [www.nflpa.com/partners/licensees](http://www.nflpa.com/partners/licensees); WNBA Players Association, Collective Bargaining Agreement with WNBA, 2020-2027, Exhibit A (Licensing Agreement) <https://wnbpa.com/wp-content/uploads/2020/01/WNBA-WNBPA-CBA-2020-2027.pdf>.

<sup>4</sup> “Pressbox,” Outerstuff, LLC, [www.outerstuff.com](http://www.outerstuff.com).

<sup>5</sup> Magaly Abarca, “Gobierno de El Salvador garantizará que maquila que cerró indemnice a empleados,” *Diario El Salvador*, May 31, 2023, <https://diarioelsalvador.com/gobierno-garantizara-que-maquila-que-cerro-indemnice-a-empleados/367477/>.

<sup>6</sup> This aggregate figure includes estimates by the WRC for a small number of workers for whom the Ministry of Labor has not yet performed official calculations. For a further discussion of these figures, see Section III.B of this report.

<sup>7</sup> Previously published WRC reports on labor rights violations at Style Avenue are available on the WRC’s website. “WRC Factory Investigation: Style Avenue, S.A.,” Worker Rights Consortium, <https://www.workersrights.org/factory-investigation/style-avenue-s-a/>.



put Outerstuff on notice that Style Avenue’s owners were likely to fail to pay workers their legally due compensation if the factory closed.

Moreover, when the factory ceased operations (which was three months prior to its formal closure), the WRC warned Outerstuff that should the factory fail to resume production, the workers were at risk of being denied legally owed severance and other terminal compensation. Despite these warnings, Outerstuff failed to fulfill its responsibility under university licensing standards to ensure that the factory complied with Salvadoran law, including the payment to workers of their legally due compensation at the time their employment ended.<sup>8</sup>

### **C. Outerstuff Was Informed of Its Responsibility to Remedy Nonpayment of Wages and Severance Benefits to Workers**

Outerstuff was well aware, far in advance of the factory’s closure in May 2023, that Style Avenue was at a high risk of ceasing operations, which would thereby trigger the responsibility to provide workers not only unpaid wages but also legally required severance and other terminal compensation. For example, the WRC explicitly discussed this risk with Outerstuff in February 2023 and told Outerstuff that, under university licensing standards, Outerstuff would be responsible for ensuring, in such circumstances, that workers were not cheated of their legally due compensation<sup>9</sup>—including by paying the workers, itself, if this proved necessary.<sup>10</sup> Outerstuff never indicated at the time that it failed to understand or accept this obligation. Outerstuff acknowledged in an email to the WRC that, since the factory’s owners had not previously paid workers for their accrued severance benefits, “all workers would be entitled to 100% of their compensation in the event of dismissal or closure of the company.”<sup>11</sup>

### **D. Outerstuff Appears to Claim Its Prior Assistance to Factory Owners and Correction of Earlier Violations Justifies Allowing Workers to Be Denied Wages and Severance Benefits When the Factory Closed**

Outerstuff has argued the WRC should include in this report various actions Outerstuff took before the factory robbed workers of nearly two million dollars in severance—including steps it took to correct other, earlier, labor rights violations, as well as its pre-payment to the factory for its orders—as a means of financially assisting the factory’s owners to continue to employ workers to make Outerstuff’s goods.

Outerstuff points to its response after one of the owners was jailed in February 2023 for failure to make legally required healthcare and retirement contributions for workers: Outerstuff hired an auditor to quantify the arrears that the factory already owed and monitor their payment (and the

---

<sup>8</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

<sup>9</sup> The WRC sent an email to Outerstuff on February 9, 2023, and held a phone call with the company on February 13, 2023, in which the WRC pointed out, and Outerstuff acknowledged, that there was a serious risk of the factory permanently closing. In these communications, the WRC repeatedly emphasized, and Outerstuff did not dispute, that Outerstuff would have an obligation under university codes of conduct to ensure payment of all owed wages, severance, and other terminal benefits to workers if a permanent closure were to occur.

<sup>10</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

<sup>11</sup> Email from Outerstuff to the WRC, February 14, 2023.

payment of past due wages to workers) by the factory's owner and investors, so the owner could be released.<sup>12</sup>

Outerstuff was, of course, *obligated* to ensure remediation of these earlier labor rights violations;<sup>13</sup> indeed, given that some of the violations dated back to 2021,<sup>14</sup> the company should not have waited until the owner's incarceration in 2023 to take corrective measures. Nor does correcting one set of worker rights violations in any way reduce a buyer's obligation to address subsequent, and more severe, worker rights violations. Thus, Outerstuff's assertion that it helped secure payment of *other, earlier*, wage arrears does not excuse its later failures—it merely serves to highlight the fact that Style Avenue was a repeat labor rights offender.

Outerstuff also reports that it prepaid for orders during the final two years of the factory's operations, at substantial cost to itself, and thereby helped the factory to remain open and pay wages.<sup>15</sup> University and other licensor codes of conduct do not require licensees like Outerstuff to prepay for their orders from supplier factories or financially bail out their owners. Nor is it protective of workers to stave off the closure of a factory that is not financially viable, while making no provision whatsoever to safeguard workers' severance. Indeed, unpaid severance crises like the one at Style Avenue often arise because a factory devotes all available resources to a futile attempt to survive, leaving nothing to pay workers when the inevitable happens. Whatever financial support Outerstuff provided to Style Avenue to help it stay open, it did not ensure that the factory could meet its obligations to workers in the event of closure.

## **E. Despite Recent Denials by Outerstuff, Style Avenue Remained an Outerstuff Supplier until It Closed**

Beyond pointing to prior actions that have little bearing on the violations discussed in this report, Outerstuff claims that its failure to protect the rights of workers who made its collegiate apparel at Style Avenue, for more than a decade, did not violate its obligations under university codes of conduct. One extraordinary claim Outerstuff appears to make in support of this contention is that Style Avenue was no longer an Outerstuff supplier when it closed officially on May 29, 2023, without paying terminal compensation.<sup>16</sup> This claim is preposterous.

First, Style Avenue ceased operating not on May 29, 2023, but three and a half months earlier, on February 14, after the owner was jailed for nonpayment of payroll contributions and the power was cut off in the factory. Style Avenue could not supply Outerstuff, or any other entity, during this period because it was not in operation. The lack of Outerstuff production during this period is therefore entirely irrelevant to any assessment of its buyer-supplier relationship with the factory.

Second, Outerstuff told the WRC, in writing, in March of 2023 that it planned to place orders for blank product at Style Avenue after the owner was released from prison and the factory restarted

---

<sup>12</sup> Letter from Feder Kaszovitz law firm, on behalf of Outerstuff, to the WRC, November 29, 2023 (hereinafter, "Outerstuff lawyer letter").

<sup>13</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

<sup>14</sup> Outerstuff, "Style Avenue S.A. de C.V.," March 24, 2023.

<sup>15</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>16</sup> Outerstuff lawyer letter, November 29, 2023.

operations.<sup>17</sup> Outerstuff said that, after these orders were produced, Outerstuff would “re-evaluate the relationship if Outerstuff will *continue* in that factory”<sup>18</sup> (emphasis added). While these orders were never produced, because the factory failed to reopen, Outerstuff’s statements make clear that it continued to treat Style Avenue as a supplier, even after the factory ceased production in February of 2023.

Third, Outerstuff continued to disclose Style Avenue as a supplier of university logo goods throughout the first half of 2023,<sup>19</sup> and it did not remove the factory from this status until June 12—two weeks *after* the factory’s official closure. WRC affiliated universities require licensees to publicly disclose the factories they use to make collegiate goods,<sup>20</sup> and CLC is one of the agencies that collects these data. When a licensee ceases to consider a factory to be a collegiate supplier, it is required to “deactivate” the supplier in CLC’s database.<sup>21</sup> The fact that Outerstuff did this just *after* Style Avenue’s official closure, but did not do so at any point *before* the closure, proves that Outerstuff considered Style Avenue to be a collegiate supplier until the factory announced its permanent closure in May 2023.<sup>22</sup>

Fourth, Style Avenue workers have consistently testified that they produced Outerstuff goods up until the factory ceased operations. Although Outerstuff now claims that the factory manufactured nothing for Outerstuff after November of 2022,<sup>23</sup> workers have provided photographs of NFL products, co-branded Disney-NFL and Disney-NBA products, and university logo products that they report working on at the factory in January and February of 2023.<sup>24</sup> This claim also contradicts previous statements by Outerstuff, itself. Outerstuff’s Director of Corporate Responsibility told the WRC in May 2023, that the factory had most recently produced collegiate goods in *December* of 2022, just 1.5 months prior to the shutdown.<sup>25</sup>

Based on the balance of the evidence, the WRC is inclined to conclude that multiple varieties of Outerstuff goods were on the production lines in the factory’s final weeks and days. However, the exact dates that given products were on the production lines are ultimately immaterial; there is conclusive evidence, as outlined above, that Outerstuff maintained an ongoing buyer-supplier relationship with Style Avenue—both as a source of collegiate goods and of Disney/NFL/NBA branded goods—until at least when the factory ceased to operate.

---

<sup>17</sup> Email from Outerstuff to the WRC, March 7, 2023.

<sup>18</sup> Email from Outerstuff to the WRC, March 7, 2023.

<sup>19</sup> Supplier disclosure data supplied by Outerstuff to university licensing agencies and published by the WRC indicate that Outerstuff continued to disclose Style Avenue as a collegiate apparel supplier through October 2023. “Factory Disclosure Search,” Worker Rights Consortium, <https://search.workersrights.org/>.

<sup>20</sup> CLC Standard Retail Product License Agreement, Sec. 14(a)(iii).

<sup>21</sup> CLC Standard Retail Product License Agreement, Sec. 14(a)(iii). “Such information shall be updated upon any change to such disclosed information.”

<sup>22</sup> Style Avenue continued to appear on Outerstuff’s supplier disclosure lists for its collegiate apparel even after June 2023, apparently because Outerstuff deactivated the factory with respect to some but not all of its collegiate brands. Data provided to the WRC by CLC and two other university licensing agents, Exemplar and Fanatics Licensing, still list the factory as a supplier of collegiate apparel to Outerstuff as of the date of this report. In other words, Outerstuff continues to publicly associate its university licensors with a factory that committed egregious labor rights violations that remain unremedied.

<sup>23</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>24</sup> Photographs on file with WRC.

<sup>25</sup> Email from Outerstuff to the WRC, May 1, 2023.

The timing of Outerstuff’s now claiming that it ended its supplier relationship with Style Avenue in November 2022 is remarkable. Throughout nearly a year of engagement with the WRC about Style Avenue, Outerstuff never once indicated that the factory had ceased to be an Outerstuff supplier before its cessation of operations in February 2023 or its official closure in May 2023. This claim was made by Outerstuff, *for the first time*, in a letter to the WRC from the company’s lawyer on November 29, 2023—which Outerstuff sent only *after* the company learned that the WRC was about to issue a report on the violations of worker rights at the factory and on Outerstuff’s obligation to ensure remediation.<sup>26</sup> Prior to that, Outerstuff repeatedly and readily acknowledged the extraordinary length and near-exclusivity of its relationship with Style Avenue in communications with the WRC and gave repeated indications that the relationship was ongoing up to the factory’s closure.<sup>27</sup>

## **F. Outerstuff Claims University Codes of Conduct Do Not Require It to Remedy Theft of Wages and Severance from Workers Who Made Its Collegiate Apparel**

Outerstuff refuses to recognize its obligation as a licensee, under university codes of conduct, to rectify violations of workers’ rights by its supplier when the supplier is unwilling and/or unable to do so. Outerstuff takes this position even though this is an obligation that numerous other university licensees—large and small—have fulfilled in similar circumstances.

In a November 2023 letter to the WRC, Outerstuff stated,

“The CLC Code of Conduct distinguishes between Outerstuff and its third-party manufacturers. There is no question that Outerstuff is required to pay all wages owed to *its* employees. The CLC Code of Conduct does not require Outerstuff to pay back wages and benefits owed to Style Avenue’s workers” (emphasis in Outerstuff’s original).<sup>28</sup>

The distinction in licensee responsibility for remediation that Outerstuff asserts does not exist in the CLC Code of Conduct.<sup>29</sup> In practical effect, it would remove any responsibility or incentive for licensees to remediate violations of university codes of conduct when their suppliers cannot or will not remedy those violations, themselves.

Outerstuff, like nearly every other university licensee, intentionally operates no factories of its own and *has no employees of its own who make collegiate apparel*. Under Outerstuff’s conception of its obligations under university codes of conduct, if a factory where Outerstuff sourced collegiate apparel for a decade goes out of business, cheating workers who made these products out of almost

---

<sup>26</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>27</sup> Emails from Outerstuff to the WRC, February 10 to May 29, 2023.

<sup>28</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>29</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii) (“Licensee shall: (a) promptly notify CLC and the applicable Collegiate Institution(s) in the event Licensee determines or discovers that a violation of the Code of Conduct has occurred ... or the FLA or WRC notifies Licensee that such a violation has occurred, [and] (b) take prompt action to expeditiously remedy such occurrence to the reasonable satisfaction of CLC and the Collegiate Institution(s).”), 14(a)(ii) A (“Licensees shall pay employees, as a floor, at least the minimum wage required by local law ... and shall provide legally mandated benefits.”), and 16(b) (Defaults) (xv) (“Licensee violates the Code of Conduct or any monitoring requirements established by the applicable respective Collegiate Institutions and Licensee fails to effectively remediate said violation within a time period that is reasonable with respect to the nature and extent of the violation.”).



two million dollars, university codes give workers no recourse—and Outerstuff has no responsibility to these workers.

### **G. Outerstuff's Position Is an Outlier—Other University Licensees, Large and Small, Have Contributed Funds to Correct Nonpayment of Wages and Severance for Workers Who Made Their Collegiate Apparel**

Fortunately for workers and universities, however, at other factories around the world, licensees have fulfilled their responsibility to ensure remediation of nonpayment of wages and benefits to workers who made their collegiate apparel, when their suppliers have been either unwilling or unable to do so. Current and former university licensees that have addressed unpaid compensation by providing funds to workers, themselves or through their buying agents, include adidas, American Eagle (Tailgate), Camp David, Cutter & Buck, Fanatics, Fruit of the Loom (Russell Athletic), Gorilla Marketing, Hanesbrands (Gear for Sports, Knights Apparel), Hype & Vice, and Nike.<sup>30</sup>

Moreover, in a number of these previous cases, the licensees involved had done business with these suppliers for relatively brief periods of time and/or had made up only a modest fraction of the supplier's overall production, but the licensees still contributed substantial funds, thereby ensuring that workers received wages, severance, and other benefits they were legally due. It is all the more shocking, therefore, that Outerstuff, which by its own admission accounted for almost all of Style Avenue's production for a full decade before the factory's closure,<sup>31</sup> is refusing to contribute *any of its own funds* to remediate this devastating theft of wages, severance, and other benefits from the workers who made its collegiate products.

Even brands not producing university logo goods, and not bound by university labor standards, are recognizing a responsibility to remedy wage and severance theft at supplier factories and using their own funds to do so. In January of 2023, PVH (owner of Calvin Klein and Tommy Hilfiger) provided \$1 million to cover 100 percent of the severance legally owed to workers at a factory in Haiti that was only briefly a supplier to a PVH licensee. In 2022, Victoria's Secret financed \$8.3 million in severance that had gone unpaid by one of its suppliers in Thailand, resulting in the payment of all arrears owed to workers, including 15 percent interest.

Disney licensee, Barco Uniforms, contributed more than \$1 million in 2021 to resolve a case of unpaid severance at a factory in El Salvador. Another Disney licensee, Jerry Leigh, used its own funds to resolve an earlier severance case. Gap Inc. has provided funds to resolve cases of unpaid compensation, as have New Era Cap, Gildan Activewear, American Eagle Outfitters, and many other companies. Unlike Outerstuff, these brands did not have a contractual obligation to remedy the nonpayment of legally mandated compensation, but they recognized that doing so is expected of corporations that want to be seen as responsible actors.<sup>32</sup>

---

<sup>30</sup> See, for example, Worker Rights Consortium reports on remediation of university code of conduct violations at Direct Ship Americas (Honduras), Hugger (Honduras), KGG (Ethiopia) Mazava Hispaniola (Haiti), Manufacturas del Rio (El Salvador), PT Hansoll Hyun (Indonesia), PT Kizone (Indonesia), Pure Cotton (USA), Rio Garment (Honduras), Visiontex (Honduras), and other factories. <https://www.workersrights.org/our-work/factory-investigations/>.

<sup>31</sup> Email from Outerstuff to the WRC, May 29, 2023.

<sup>32</sup> See, for example, Worker Rights Consortium reports on remediation of labor rights violations at Val d'Or (Haiti), Brilliant Alliance Thai Global (Thailand), Elim SA (Guatemala), Industrias Florenzi (El Salvador), C.S.A. (Guatemala), Hawkins Apparel (Honduras) and other factories. <https://www.workersrights.org/our-work/factory-investigations/>.

As a direct result of Outerstuff's failing to meet its obligations under university codes and allowing its longtime supplier, Style Avenue, to violate these standards as well, the factory's workers are suffering serious hardships and are unable to meet their own basic needs and those of their loved ones. To remedy the wage and severance theft from these workers, since the factory's owners are unable to do so, Outerstuff must provide the former Style Avenue employees with sufficient funds to ensure that Outerstuff's obligations under university codes—to both its licensor schools and the workers, themselves, to ensure payment of all legally due compensation—are properly fulfilled.

## II. Methodology

The findings in this report are based on the following sources of evidence:

- Interviews with former employees of Style Avenue;
- A review of factory and Salvadoran Labor Ministry documents that were provided by worker representatives and Outerstuff and are related to Style Avenue's wage, severance, and benefits obligations to workers;
- Written and phone communications with Outerstuff representatives; and
- A review and analysis of applicable Salvadoran law and university and other licensor codes of conduct.

### **III. Findings: Theft of Legally Owed Wages, Severance, and Other Benefits from Workers Who Produced for Outerstuff at Style Avenue**

#### **A. Background**

##### **1. 2011–2021: Outerstuff Supplier Style Avenue’s Track Record of Cheating Workers and Violating Labor Rights**

Long before Style Avenue closed in May 2023, owing workers approximately \$1.8 million in unpaid wages, severance, and benefits, the factory had a lengthy and well-documented history of cheating its workers of wages and violating the labor standards of the universities and other licensors whose licensed goods it produced for Outerstuff. Between 2011 and 2023, multiple factory monitoring and labor research organizations, including the WRC, the Fair Labor Association, and the Institute for Global Labour Studies and Human Rights issued multiple reports that detailed wage and hour violations, verbal and sexual harassment of workers, unsafe working conditions, and violations of workers’ right to freedom of association (right to join a union) at the factory.<sup>33</sup> Outerstuff was well aware of Style Avenue’s repeated violations of workers’ rights since, in each case, the company was called upon to require the factory to remedy them.

##### **2. August 2022–April 2023: Outerstuff Supplier Style Avenue Suspends Workers, Factory Owner Jailed by Government for Unpaid Payroll Contributions, Factory Ceases Operations**

In August 2022, workers from Style Avenue reported to the WRC that the factory was intermittently suspending various employees from the plant’s workforce without pay; other workers reported that the factory was delayed in its payment of wages and of legally required contributions to the Salvadoran government social security system, which provides workers with health coverage and retirement benefits.<sup>34</sup> In February 2023, workers further informed the WRC that one of the factory’s owners had now been jailed for failing to make these legally required contributions<sup>35</sup> and that her detention, coupled with the factory’s failure to make its utility payments (resulting in suspension of electrical service to the facility), had caused the factory to cease operating.

Under university codes of conduct, Outerstuff had an obligation to ensure that Style Avenue’s owners made these legally required contributions for workers’ healthcare coverage and retirement in a timely fashion.<sup>36</sup> Particularly, since Outerstuff had been sourcing collegiate apparel from Style Avenue for years, Outerstuff had a responsibility to consistently monitor the factory’s compliance with the requirements of Salvadoran labor law, including the requirement to make these contributions. Outerstuff’s failure to fulfill these obligations under university codes and make sure

---

<sup>33</sup> Reports on prior labor rights violations at Style Avenue are available on the WRC’s website, <https://www.workersrights.org/factory-investigation/style-avenue-s-a/>.

<sup>34</sup> In El Salvador, the law requires employers to deduct contributions from employees’ wages and to contribute these deductions, along with an employer contribution, to provide workers with healthcare and pension. See Salvadoran Law on Social Security, Decree No. 1263 (1997).

<sup>35</sup> Salvadoran Law on Social Security, Decree No. 1263 (1997).

<sup>36</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

these contributions on behalf of workers were made when due was a contributing factor to the factory owner being jailed and the facility shutting down.

When the factory owner was jailed and the factory ceased operations, workers expressed to the WRC, and the WRC expressed to Outerstuff, the concern that, given these developments, it was likely that Style Avenue would permanently close and that, if this occurred, workers would not receive from the factory their unpaid wages, legally due severance, or statutory healthcare and pension contributions.<sup>37</sup> Outerstuff should have recognized that these were credible concerns, given not only the factory's track record of wage violations and other labor rights abuses but also Outerstuff's intimate knowledge of the factory owners' financial and legal difficulties, as well as the well-documented history in El Salvador, generally, of garment factories closing without paying workers legally due terminal compensation.<sup>38</sup>

When the WRC engaged with Outerstuff concerning the factory owners' nonpayment of health and pension contributions, the resulting incarceration of one of the factory owners, the suspension of operations, and the resulting likelihood that the factory's permanent closure was imminent, Outerstuff acknowledged that it had been aware, for more than 12 months, that the factory was facing significant financial difficulties.<sup>39</sup> Outerstuff told the WRC that, over this period, Outerstuff had prepaid the factory for orders, which had supported various aspects of factory operations, including paying workers' wages.<sup>40</sup> Outerstuff later also informed the WRC that it intended, once the factory owner was released from jail, to continue to use the factory as a supplier, for at least the following six months, and potentially longer.<sup>41</sup>

Outerstuff's prepayments for its orders, along with funds from a new investor in the factory, enabled Style Avenue to, by March 2023, pay the arrears owed, at that point, to the government social security system (along with back wages already owed to employees), which, as a result, permitted the factory owner who had been jailed to be released from incarceration in April 2023.

However, despite the concerns expressed by the WRC, and the obvious risk that the factory, which had not resumed operations, would permanently close, Outerstuff did not indicate that it was taking, or had taken at any prior point, steps to ensure that the factory would be able to meet its legal obligations to pay workers their severance and other terminal benefits if it did not reopen. The licensee's failure to take such measures, which have long been recognized as a basic measure of

---

<sup>37</sup> Outerstuff phone call with the WRC, February 13, 2023.

<sup>38</sup> See, for example, the WRC's investigations of Salvadoran factories that closed without payment of severance and other terminal benefits to these workers. These factories include Industrias Florenzi (reported on in 2021), LD El Salvador (reported on in 2019), Manufacturas del Río (reported on in 2015), and Confecciones Gama (reported on in 2013). In all of these cases, workers only received full payment of severance and terminal benefits after the WRC intervened with factory buyers. "Factory Investigations," Worker Rights Consortium, <https://www.workersrights.org/our-work/factory-investigations>.

<sup>39</sup> Outerstuff phone call with the WRC, February 13, 2023.

<sup>40</sup> WRC phone call with Outerstuff, February 13, 2023; also, Outerstuff lawyer letter, November 29, 2023.

<sup>41</sup> Email from Outerstuff to the WRC, March 7, 2023.



supply chain due diligence<sup>42</sup> and which are required by university labor codes,<sup>43</sup> contributed to the nonpayment of this compensation to workers when the factory permanently closed.

## **B. Outerstuff Supplier Style Avenue Closes without Paying Workers Approximately \$1.8 Million in Legally Due Wages, Severance, Other Benefits**

On May 29, 2023, Style Avenue posted a sign outside the factory notifying its workforce that the plant had permanently closed. The factory's owners subsequently informed the workers that the owners lacked the money to pay workers any of the terminal compensation that the employees are owed under Salvadoran law.

Also on May 29, 2023, Outerstuff wrote to the WRC about the closure, acknowledging that the licensee had sourced from the factory for over 10 years as—in Outerstuff's words—"a buyer that was basically 100% of their capacity year to year."<sup>44</sup> Outerstuff stated that it was sending some funds to be paid to the factory's workers but admitted that the amounts it was sending "will not be enough to cover all outstanding debt owed to employees."<sup>45</sup>



On May 29, 2023, Style Avenue announced "Closure due to Bankruptcy".

After the factory closed, the Salvadoran Ministry of Labor calculated the debt owed to the factory's workers and determined that, under the country's labor laws, the factory's 244 former employees are owed 94 days of unpaid wages,<sup>46</sup> in addition to terminal benefits such as severance and unused annual leave.<sup>47</sup> The factory's owners also did not make legally required healthcare and pension contributions for the months of April and May 2023, for which workers must also be compensated.

The total amount owed to workers at the time of closure was an estimated \$1,796,455.<sup>48</sup> This aggregate figure includes \$282,748 in unpaid wages, \$17,988 in health and pension contributions, and \$1,495,719 in terminal benefits (which includes severance and accrued annual leave). The amounts are based on official calculations performed by the Ministry of Labor for 220 of the 244

<sup>42</sup> Fair Labor Association, *Retrenchment: Guidelines for FLA-Affiliated Companies*, February 1, 2006, <https://www.fairlabor.org/fla-retrenchment-guidelines/>, ("In situations where a high risk of retrenchment exists, [buyers] should also ensure that such [supplier] factories ... have the financial capacity to meet severance payments.").

<sup>43</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

<sup>44</sup> Email from Outerstuff to the WRC, May 29, 2023.

<sup>45</sup> Email from Outerstuff to the WRC, May 29, 2023.

<sup>46</sup> Most of these wage arrears correspond to days when workers were unlawfully suspended without pay and for which they, therefore, have a legal right to compensation.

<sup>47</sup> Under Salvadoran labor law, following a no-fault termination, employees are owed the equivalent of 30 days of a worker's base wage for each year of service) as well as compensation for unused vacation days (Article 187) and a prorated portion of the legally required year-end bonus. Salvadoran Labor Code, Articles 58, 187, and 202.

<sup>48</sup> Most workers report receiving a token amount of compensation from the factory several weeks after the closure: \$60.80 each. This is, on average, less than one percent of what workers are legally owed, and it is not clear whether all workers received it. If and when workers are paid their legal due, the party or parties providing the funds may deduct \$60.80 from the compensation of the workers who received this payment.

employees of the factory and on estimates by the WRC, derived from the Ministry's figures, for the 24 other workers. The WRC used, for these estimates, the average of the amounts owed to all workers for whom the Ministry performed calculations, excluding from the average those workers whose terminal compensation was higher than the norm because of special benefits such as compensation for maternity. If and when funds are available to pay the workforce, we anticipate that these 24 workers will apply at the Ministry to have an official calculation performed.<sup>49</sup>

### C. Impact of Outerstuff Supplier Style Avenue's \$1.8 Million Wage and Severance Theft on Former Factory Workers and Their Families



*"I don't know what we will do."*

— Blanca Ramos, former worker, explaining that, due to being cheated of wages and severance, she cannot afford to buy enough food for her family.

In the six months and counting since Style Avenue has closed, the massive theft of legally due wages, severance, and other terminal benefits that occurred has had a severe impact on the factory's workers and their families. El Salvador, like most other garment producing countries, does not have government-provided unemployment insurance benefits. The only safety net that the government provides to workers and their families when they lose their jobs is the legal obligation of their employer to pay severance and whatever wages and other benefits are due under the labor law—an obligation that Style Avenue's owners shirked and that Outerstuff, which for years was the primary buyer of the factory's production,<sup>50</sup> has refused to meet.

The WRC interviewed many of Style Avenue's former employees, who report that they are now unable to cover their most basic needs. Workers testified to the WRC that they have had to reduce food intake for themselves and their families.

One worker told the WRC that she and her family have stopped purchasing meat, milk, fruits, and vegetables and are limiting their diet, instead, to beans, eggs, and starches. She told the WRC, "We used to be able to eat meat once a week, but now we can't even do that once a month."

Another worker told the WRC, "My cousins have shared some food with me like beans, rice, and sugar ... [it's just] the most essential items so we have something to survive on."

<sup>49</sup> The official calculations will deviate from the WRC estimates to some degree. They are more likely to be higher than lower, as the WRC's estimates are conservative. A variance of more than \$50,000 from the estimated aggregate figure of \$1,796,455 is unlikely.

<sup>50</sup> Email from Outerstuff to the WRC, May 29, 2023.

Workers also testified that they are no longer able to get treatment for health conditions since they no longer have health coverage and cannot afford to pay for care themselves. One worker said she has been unable to get the cancer monitoring she has been medically prescribed. This worker told the WRC:

“I haven’t been able to go to follow-up exams and I am worried. I don’t even have money to pay for the bus [to travel to the clinic]. When I get financial help from my extended family, I use it to pay for basic needs. I don’t have enough money for anything else. I have just had to put my health on hold.”

Other workers testified that they have been unable to pay school expenses for their children, and, in at least one case, a worker reported to the WRC that her daughter had to discontinue her college education in order to find a job to support the family. Furthermore, other workers reported that they cannot pay their utility bills.



Former Style Avenue employee Elizabeth Mejia de Barahona told the WRC that she isn't able to get the healthcare that she needs or pay for her young daughter's school fees and supplies.

Many of Style Avenue’s employees had been employed at the factory for 10 years or more, sewing garments for Outerstuff, including university and other licensed apparel. As one worker told the WRC, “We had made their clothing for a long time and now they just close without paying anything that we are owed.”

The theft of wages, severance, and other benefits has hit these longtime workers particularly hard because of the difficulties they are likely to face in finding new jobs at other garment factories. One worker, who is 46 years old, told the WRC,

“For a garment worker, I am already an old woman. I won’t be able to find work at another factory because they only want to hire workers who are 20 or 25 years old. I have dedicated ... 12 years of my life at Style Avenue—and I just don’t know what I will do now.”

## IV. Recommendations for Corrective Action, Licensee Response, and Current Status

Following Style Avenue’s closure and the factory owners’ statement to workers that the factory would not be paying workers any of the money they are owed under the law, the WRC immediately contacted Outerstuff to ask what steps the licensee was taking to ensure that the factory would comply with Salvadoran law and university codes of conduct, by providing the workers the money owed to them for unpaid wages, severance, health and pension contributions, and other terminal benefits.<sup>51</sup>

Outerstuff, however, informed the WRC in July 2023 that the licensee did not intend to take any action to ensure payment of the nearly two million dollars owed to workers who, by Outerstuff’s own admission, had sewn garments for Outerstuff for many years,<sup>52</sup> at a factory where, according to the company’s own characterization, Outerstuff goods represented close to 100 percent of the factory’s business.<sup>53</sup>

### A. Outerstuff Claims That Because Its Order Payments Helped the Factory Remain Open Longer, and Because It Addressed Other Labor Rights Violations, Outerstuff Had No Responsibility to Remedy Wage and Severance Theft When the Factory Later Closed

Outerstuff appeared to claim that, since it had prepaid the factory for orders in the period leading up to the closure and that these funds had gone to pay workers’ wages and benefits and to keep the factory open, Outerstuff now has no obligation to remedy the theft of wages, severance, and other benefits from workers when the factory closed.<sup>54</sup> Outerstuff claims that is so, even if, as is the case at Style Avenue, Outerstuff was fully aware beforehand that this massive severance and wage theft was almost certain to occur.

Outerstuff cites its efforts in response to the February 2023 jailing of the Style Avenue owner for failing to make legally required healthcare and retirement contributions for workers: Outerstuff hired an auditor to quantify the arrears that were owed and monitor their payment (and the payment of past due wages to workers) by the factory’s owner and investors, so the owner could be released.<sup>55</sup> Outerstuff was, of course, *obligated* to ensure remediation of these earlier labor rights violations; indeed, given that some of the violations dated back to 2021,<sup>56</sup> the company should not have waited until the owner’s incarceration in 2023 to take corrective measures. Nor does correcting one set of worker rights violations in any way reduce a buyer’s obligation to address subsequent, and more severe, worker rights violations. Outerstuff’s assertion that it helped secure payment of *other, earlier*, wage arrears, therefore, does not excuse its later failure to do so.

---

<sup>51</sup> Email from the WRC to Outerstuff, May 30, 2023

<sup>52</sup> Email from Outerstuff to the WRC, July 21, 2023.

<sup>53</sup> Email from Outerstuff to the WRC, May 29, 2023.

<sup>54</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>55</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>56</sup> Outerstuff, “Style Avenue S.A. de C.V.”, March 24, 2023.

Outerstuff's position is in obvious contradiction to the requirements of university and other licensor codes of conduct, which explicitly require licensees to ensure workers who make licensed products receive *all* their legally due wages, benefits, and severance, and does not include any exception for circumstances where the licensee has to pay the workers itself.<sup>57</sup> The fact that the Style Avenue workers were paid their wages in the past—either with or without Outerstuff's help—in no way justifies Outerstuff now allowing the same workers to be cheated out of a much larger sum of wages, severance, and benefits since their factory closed.

Workers at Style Avenue produced university goods and other licensed apparel for Outerstuff for more than 10 years, a time period during which Outerstuff was the primary or sole buyer of goods from the factory.<sup>58</sup> The factory's owners have informed workers that the factory has filed for bankruptcy, and they have no intention of paying the workers the approximately \$1.8 million they are legally owed.

Outerstuff recognizes that the workers are owed this money by law and has acknowledged that the funds it provided to the factory to pay workers at the time the facility finally closed were insufficient to pay its debts to the workers.<sup>59</sup> Yet, in contradiction to its clear obligations under university codes of conduct—which require licensees to ensure payment of wages and severance to workers if, as is the case here, their suppliers will not<sup>60</sup>—Outerstuff stated it would not take any steps to ensure that the workers receive the funds they have legally earned and that their families now desperately need.<sup>61</sup>

## **B. Outerstuff Claims University Codes of Conduct Do Not Require It to Remedy Wage and Severance - Suggests Its Decade-Long Partner, Style Avenue, Was Not an Outerstuff Supplier Factory When It Cheated Workers Out of \$1.8 Million**

In a letter sent to the WRC in November 2023, Outerstuff claims that its failure to ensure that workers who made its collegiate apparel at Style Avenue receive the wages, severance, and other terminal compensation they are legally due does not violate Outerstuff's obligations under university codes of conduct. However, the arguments that Outerstuff makes in support of this claim lack any credible basis, either in the facts of this case or in the substance of what university codes of conduct actually require.

Outerstuff appears to claim that Style Avenue was no longer an Outerstuff supplier when it closed officially on May 29, 2023, without paying terminal compensation.<sup>62</sup> However, as already noted, this claim is preposterous.

---

<sup>57</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

<sup>58</sup> It should be noted that university codes of conduct generally require licensees to ensure workers at factories that produce licensed goods receive all their legally due wages, severance, and benefits, regardless of what share of the factory's production the licensee's orders comprise. CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

<sup>59</sup> Email from Outerstuff to the WRC, May 29, 2023.

<sup>60</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii), 14(a)(ii) A and 16(b)(xv).

<sup>61</sup> Email from Outerstuff to the WRC, July 21, 2023.

<sup>62</sup> Outerstuff lawyer letter, November 29, 2023.



Outerstuff asserts, in support of this claim, that its products were not manufactured at Style Avenue after November 2022, six months before the factory finally closed in May 2023.<sup>63</sup> Yet Style Avenue actually ceased operating three and a half months earlier, on February 14, after the owner was jailed for nonpayment of payroll contributions and the power was cut off in the factory.

After this, Style Avenue could not supply Outerstuff because it was no longer in operation. The lack of Outerstuff production during this period is therefore entirely irrelevant to whether Outerstuff continued to maintain a buyer-supplier relationship with the factory.

Moreover, Outerstuff told the WRC in March 2023 that it planned to place orders for blank goods at Style Avenue after the owner was released from prison and the factory resumed operating.<sup>64</sup> The reason these orders were never produced is that the factory failed to reopen. Outerstuff's announcement of its intention to place new orders at the factory in the spring of 2023 proves that Outerstuff continued to treat Style Avenue as a supplier, even after the factory ceased production in February of 2023.

Additionally, Outerstuff continued to list Style Avenue among its suppliers of university logo goods throughout the first half of 2023,<sup>65</sup> and it did not remove the factory from this group until June 12—two weeks *after* the factory officially closed. WRC affiliated universities require licensees to publicly disclose the factories they use to make collegiate goods,<sup>66</sup> and CLC is one of three licensing agencies that collects these data and provides them to the WRC. When a licensee stops using a factory as a collegiate apparel supplier, it is required to “deactivate” the supplier in CLC’s database.<sup>67</sup> The fact that Outerstuff did this just *after* Style Avenue’s official closure, but did not do so at any point *before*, shows Outerstuff considered Style Avenue to be a collegiate supplier until the factory permanently closed in May 2023.<sup>68</sup>

Style Avenue workers have consistently testified that they produced Outerstuff goods up until the factory ceased operations. Although Outerstuff now claims that the factory manufactured nothing for Outerstuff after November of 2022,<sup>69</sup> workers have provided photographs of NFL products, co-branded Disney-NFL and Disney-NBA products, and university logo products that they reported making at the factory in January and February 2023.<sup>70</sup> This claim also contradicts previous statements by Outerstuff, itself. Outerstuff’s Director of Corporate Responsibility told the WRC in

---

<sup>63</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>64</sup> Email from Outerstuff to the WRC, March 7, 2023.

<sup>65</sup> Supplier disclosure data supplied by Outerstuff to university licensing agencies and published by the WRC indicate that Outerstuff continued to disclose Style Avenue as a collegiate apparel supplier through October 2023. “Factory Disclosure Search,” Worker Rights Consortium, <https://search.workersrights.org/>.

<sup>66</sup> CLC Standard Retail Product License Agreement, Sec. 14(a)(iii).

<sup>67</sup> CLC Standard Retail Product License Agreement, Sec. 14(a)(iii). “Such information shall be updated upon any change to such disclosed information.”

<sup>68</sup> Style Avenue continued to appear on Outerstuff’s supplier disclosure lists for its collegiate apparel even after June 2023, apparently because Outerstuff deactivated the factory with respect to some but not all of its collegiate brands. Data provided to the WRC by CLC and two other university licensing agents, Exemplar and Fanatics Licensing, still list the factory as a supplier of collegiate apparel to Outerstuff as of the date of this report. In other words, Outerstuff continues to publicly associate its university licensors with a factory that committed egregious labor rights violations that remain unremedied.

<sup>69</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>70</sup> Photographs on file with WRC.

May 2023 that the factory had most recently produced collegiate goods in *December* of 2022, just 1.5 months prior to the shutdown.<sup>71</sup>

Considering all of this evidence, the WRC finds that various Outerstuff products were in the factory during its final weeks and days. However, the exact dates that given products were on the production lines are ultimately immaterial; there is conclusive evidence, as detailed here, that Outerstuff maintained a buyer-supplier relationship with Style Avenue—both as a source of collegiate goods and of Disney/NFL/NBA branded goods—until the factory ceased to operate.

The timing of Outerstuff’s now claiming that it ended its supplier relationship with Style Avenue in November 2022 is striking. During nearly a year of engaging with the WRC about Style Avenue, Outerstuff never indicated that the factory had ceased to be an Outerstuff supplier before its cessation of operations in February 2023 or its official closure in May 2023.

This claim was made by Outerstuff, for the first time, in a letter to the WRC from the company on November 29, 2023—which Outerstuff sent after the company learned that the WRC was about to report on the violations of worker rights at the factory and on Outerstuff’s obligation to ensure remediation.<sup>72</sup> Prior to that, Outerstuff repeatedly acknowledged the extraordinary length and near-exclusivity of its relationship with Style Avenue and gave repeated indications that the relationship was ongoing up to the factory’s closure.<sup>73</sup>

### **C. Outerstuff Claims the Requirement under University Codes of Conduct, for It to Correct Wage and Severance Violations, Does Not Apply to Any of the Workers Who Actually Make its Collegiate Apparel**

Outerstuff refuses to recognize its obligation to rectify violations by its supplier of collegiate apparel when the supplier is unwilling and/or unable to do so, itself—even though this is an obligation that numerous other university licensees have fulfilled in many similar circumstances.

In a November 2023 letter to the WRC, Outerstuff stated:

“The CLC Code of Conduct distinguishes between Outerstuff and its third-party manufacturers. There is no question that Outerstuff is required to pay all wages owed to *its* employees. The CLC Code of Conduct does not require Outerstuff to pay back wages and benefits owed to Style Avenue’s workers” (emphasis in Outerstuff’s original).<sup>74</sup>

The distinction Outerstuff asserts regarding licensee responsibility for remediating wage and benefit violations does not exist in the CLC Code.<sup>75</sup> As importantly, in practical terms, such a distinction

---

<sup>71</sup> Email from Outerstuff to the WRC, May 1, 2023.

<sup>72</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>73</sup> Emails from Outerstuff to the WRC, February 10 to May 29, 2023.

<sup>74</sup> Outerstuff lawyer letter, November 29, 2023.

<sup>75</sup> CLC Standard Retail Product License Agreement, Secs. 13(a)(viii) (“Licensee shall: (a) promptly notify CLC and the applicable Collegiate Institution(s) in the event Licensee determines or discovers that a violation of the Code of Conduct has occurred ... or the FLA or WRC notifies Licensee that such a violation has occurred, [and] (b) take prompt action to expeditiously remedy such occurrence to the reasonable satisfaction of CLC and the Collegiate Institution(s)....”),

would remove any responsibility or incentive for licensees to remediate violations of university codes of conduct when their suppliers cannot or will not remedy those violations, itself.

Outerstuff, like nearly every other university licensee, intentionally operates no factories of its own and *has no employees of its own who make collegiate apparel*. Under Outerstuff's conception of its obligation under university codes of conduct, if a factory which made Outerstuff's collegiate apparel for a decade goes out of business, cheating workers who made these products out of almost two million dollars, university codes give workers no recourse—and Outerstuff has no responsibility.

## **1. Outerstuff Is an Outlier: Other University Licensees, Large and Small, Have Contributed Funds to Correct Wage and Severance Violations at Supplier Factories**

Other licensees have fulfilled their responsibility to remediate nonpayment of wages and benefits to workers who made their collegiate apparel, when suppliers have been either unwilling or unable to do so. Current and former university licensees that have provided funds to workers, themselves or through their buying agents, and thereby remediated wage, severance, and other violations by suppliers have included adidas, American Eagle (Tailgate), Camp David, Cutter & Buck, Fanatics, Fruit of the Loom (Russell), Gear for Sport, Gorilla Marketing, Hanesbrands (Gear for Sport, Knights Apparel), Hype & Vice, and Nike.<sup>76</sup>

In many of these previous cases, the licensees involved had done business with these suppliers for relatively brief periods of time and had made up only a fraction of the supplier's overall production, but the licensees still contributed substantial funds to ensure that workers received all the wages, severance, and other benefits they were legally due. It is all the more shocking, then, that Outerstuff, which was the primary buyer from Style Avenue for a full decade before and up to the factory's closure, is refusing to contribute *any of its own funds* to remediate this denial of wages, severance, and other benefits to the workers who made its collegiate products.

The position Outerstuff has taken in this case—enabling and tolerating massive wage theft from the workers who made its university goods for many years—represents a severe violation of university licensing standards and codes of conduct. The WRC recommends that, to remedy this violation, Outerstuff ensure—since it is necessary here, by use of its own funds—that the Style Avenue workers receive all the unpaid wages, severance, and other benefits that university codes of conduct, as well as Salvadoran law, require to be paid. That is the only way compliance with university codes of conduct can be restored in this case.

---

14(a)(ii) A (“Licensees shall pay employees, as a floor, at least the minimum wage required by local law ... and shall provide legally mandated benefits.”), and 16(b) (Defaults) (xv) (“Licensee violates the Code of Conduct or any monitoring requirements established by the applicable respective Collegiate Institutions and Licensee fails to effectively remediate said violation within a time period that is reasonable with respect to the nature and extent of the violation.”).

<sup>76</sup> See, for example, Worker Rights Consortium reports on remediation of university code of conduct violations at Direct Ship Americas (Honduras), Elim (Guatemala), Hugger (Honduras), KGG (Ethiopia) Mazava Hispaniola (Haiti), Manufacturas del Rio (El Salvador), PT Hansoll Hyun (Indonesia), PT Kizone (Indonesia), Pure Cotton (USA), Rio Garment (Honduras), Visiontex (Honduras), and other factories. “Factory Investigations,” Worker Rights Consortium, <https://www.workersrights.org/our-work/factory-investigations/>.