

Guez Elizabeth  
 Form 4  
 December 01, 2008

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Guez Elizabeth

2. Issuer Name and Ticker or Trading Symbol  
 BLUE HOLDINGS, INC.  
 [BLHI.PK]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

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

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

C/O BLUE HOLDINGS, INC., 5804  
 E. SLAUSON AVENUE

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 \_\_\_X\_\_\_ Form filed by One Reporting Person  
 \_\_\_ Form filed by More than One Reporting Person

(Street)  
 COMMERCE, CA 90040

(City) (State) (Zip)

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |            |                  |                      |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|------------|------------------|----------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                                      |            |                  |                      |
| Common Stock                    | 09/23/2008                           |  | J <sup>(1)</sup>               |   | 1,750,000   | D  | \$ 0.8                                     | 2,008,500  | D                |                      |
| Common Stock                    | 09/23/2008                           |  | J <sup>(1)</sup>               |   | 1,750,000   | D  | \$ 0.8                                     | 16,028,757 | I <sup>(2)</sup> | By Paul Guez, Spouse |
| Common Stock                    | 11/26/2008                           |  | P                              |   | 40,000  | A  | \$ 0.1325                                  | 16,068,757 | I <sup>(2)</sup> | By Paul Guez, Spouse |
| Common Stock                    | 12/01/2008                           |  | C                              |   | 4,623,589   | A  | \$ 0.58                                    | 20,692,346 | I <sup>(2)</sup> | By Paul Guez,        |

|                 |         |                  |  |
|-----------------|---------|------------------|--|
| Common<br>Stock | 117,382 | I <sup>(3)</sup> | Spouse<br>By Paul<br>and Beth<br>Guez<br>Living<br>Trust |
|-----------------|---------|------------------|--|

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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(9-02)

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

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number of Derivative<br>Securities Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4, and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title<br>Underlying<br>(Instr. 3) |
|---|--|---|---|--------------------------------------|--|--|--------------------------------------|
|   |  |   |   | Code V (A) (D)                       |  | Date<br>Exercisable      Expiration<br>Date                    | Title                                |
| 8% Senior<br>Secured<br>Convertible<br>Note         | \$ 0.4   | 09/23/2008                              |   | J <sup>(1)</sup>                     | 1,618,093  | 09/23/2008      03/01/2011                                     | Common<br>Stock                      |
| Common<br>Stock<br>Purchase<br>Warrant              | \$ 0.4   | 09/23/2008                              |   | J <sup>(1)</sup>                     | 1,415,832  | 09/23/2008      09/23/2013                                     | Common<br>Stock                      |
| Series A<br>Convertible<br>Preferred<br>Stock       | \$ 0.58  | 12/01/2008                              |   | C                                    | 1,000,000  | 11/28/2007 <sup>(4)</sup>                                      | Common<br>Stock                      |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| Guez Elizabeth<br>C/O BLUE HOLDINGS, INC.<br>5804 E. SLAUSON AVENUE<br>COMMERCE, CA 90040 |               | X         |         |       |

## Signatures

/s/ Elizabeth  
Guez

12/01/2008

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

On September 23, 2008, pursuant to a Settlement Agreement and Mutual Release with the Registrant, the Reporting Person and her spouse rescinded the conversion on March 5, 2008 of \$1,400,000 of indebtedness under a line of credit agreement with the Reporting Person's spouse into 1,750,000 shares of the Registrant's common stock, the Reporting Person's spouse forgave \$700,000 of indebtedness

- (1) under the line of credit, the Registrant issued the 8% Senior Secured Convertible Note and the Warrant jointly to the Reporting Person and her spouse in settlement of all amounts owed to the Reporting Person, her spouse and their affiliates as of September 23, 2008 (other than certain amounts outside of the line of credit accrued during fiscal 2008 and set forth in the Settlement Agreement and Mutual Release), and the Registrant, the Reporting Person and her spouse mutually released each other from existing claims.
- (2) The Reporting Person may be deemed to beneficially own the shares directly held by the Reporting Person's spouse, but disclaims beneficial ownership in such securities, except to the extent of the Reporting Person's pecuniary interest therein.  
  
Each of the Reporting Person and Paul Guez are Co-Trustees of the Living Trust and have voting and dispositive control of the securities
- (3) held by the Trust and accordingly may be deemed to beneficially own such securities. The Reporting Person disclaims beneficial ownership of such securities, except to the extent of the Reporting Person's pecuniary interest therein.
- (4) The Series A Convertible Preferred Stock has no expiration date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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