

Guez Elizabeth
Form 4
December 01, 2008

FORM 4

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

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Guez Elizabeth

2. Issuer Name **and** Ticker or Trading
Symbol
BLUE HOLDINGS, INC.
[BLHL.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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	09/23/2008		J ⁽¹⁾		1,750,000	D	\$ 0.8	2,008,500	D	
Common Stock	09/23/2008		J ⁽¹⁾		1,750,000	D	\$ 0.8	16,028,757	I ⁽²⁾	By Paul Guez, Spouse
Common Stock	11/26/2008		P		40,000	A	\$ 0.1325	16,068,757	I ⁽²⁾	By Paul Guez, Spouse
Common Stock	12/01/2008		C		4,623,589	A	\$ 0.58	20,692,346	I ⁽²⁾	By Paul Guez.

By Paul
Guez,
Spouse

By Paul
Guez,
Spouse

By Paul
Guez,

Common Stock	117,382	I <u>(3)</u>	Spouse By Paul and Beth Guez Living Trust
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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.

SEC 1474
(9-02)

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

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

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Guez Elizabeth C/O BLUE HOLDINGS, INC. 5804 E. SLAUSON AVENUE 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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