

Pacific Ethanol, Inc.
Form 4
March 03, 2017

FORM 4

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

OMB APPROVAL

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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 *
Candlewood Investment Group, LP

(Last) (First) (Middle)

555 THEODORE FREMD
AVE, SUITE C-303

(Street)

RYE, NY 10580

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Pacific Ethanol, Inc. [PEIX]

3. Date of Earliest Transaction
(Month/Day/Year)
03/01/2017

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___X___ 10% Owner
___ Officer (give title below) ___ Other (specify below)

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

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)
				(A) or (D) Price			
Common Stock	03/01/2017		J(1)	2,007,792	D (1) 58,784	I	See Footnote (2)
Common Stock	03/01/2017		J(1)	118,935	D (1) 0	I	See Footnote (3)
Common Stock	03/01/2017		J(1)	29,734	D (1) 0	I	See Footnote (3)
Common Stock					3,987,194	I	See Footnote

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Common Stock	900,177	I	(4) See Footnote (2)
Common Stock	77,292	I	See Footnote (2)

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

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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 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 and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number Shares
Non-Voting Common Stock	(5)	03/01/2017		J(1)	1,312,160	(5)	(5)	Common Stock	1,312,160
Non-Voting Common Stock	(5)	03/01/2017		J(1)	115,376	(5)	(5)	Common Stock	115,376
Non-Voting Common Stock	(5)	03/01/2017		J(1)	28,844	(5)	(5)	Common Stock	28,844
Non-Voting Common Stock	(5)					(5)	(5)	Common Stock	1,797,000
Non-Voting Common Stock	(5)					(5)	(5)	Common Stock	201,200
Non-Voting Common Stock	(5)					(5)	(5)	Common Stock	46,200

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Candlewood Investment Group, LP 555 THEODORE FREMD AVE SUITE C-303 RYE, NY 10580		X		
Candlewood Special Situations General, LLC 555 THEODORE FREMD AVE SUITE C-303 RYE, NY 10580		X		
Candlewood Investment Group General, LLC 555 THEODORE FREMD AVE SUITE C-303 RYE, NY 10580		X		
Candlewood Special Situations Master Fund, Ltd. 555 THEODORE FREMD AVE SUITE C-303 RYE, NY 10580		X		

Signatures

Candlewood Investment Group, LP, By: /s/ Janet Miller, its Chief Operating Officer and General Counsel	03/03/2017
**Signature of Reporting Person	Date
Candlewood Special Situations General, LLC, By: /s/ Michael Lau, its Class A Member	03/03/2017
**Signature of Reporting Person	Date
Candlewood Investment Group General, LLC, By: /s/ Michael Lau, its Manager	03/03/2017
**Signature of Reporting Person	Date
Candlewood Special Situations Master Fund, Ltd., By: /s/ David Koenig, its Portfolio Manager	03/03/2017
**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).
- (1) On March 1, 2017, three private investment funds for which Candlewood Investment Group, LP serves as investment manager (the "Investment Manager") each distributed the Issuer's securities to its investors as part of a pro rata distribution.
- The securities are directly held by a private investment fund for which (i) the Investment Manager serves as the investment manager and
- (2) (ii) Candlewood Special Situations General, LLC (the "Fund GP") serves as the general partner. Candlewood Investment Group General, LLC (the "Manager GP") serves as the general partner of the Investment Manager. Each of the Reporting Persons disclaims beneficial ownership of the reported securities except to the extent of its pecuniary interest.
- The securities are directly held by a private investment fund for which the Investment Manager controls the investment manager advising
- (3) such fund. The Manager GP serves as the general partner of the Investment Manager. Each of the Reporting Persons disclaims beneficial ownership of the reported securities except to the extent of its pecuniary interest.

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(4) The securities are directly held by Candlewood Special Situations Master Fund, Ltd. (the "Special Situations Fund"). The Investment Manager serves as the investment manager to the Special Situations Fund, and the Fund GP serves as the general partner of the Special Situations Fund. The Manager GP serves as the general partner of the Investment Manager. Each of the Reporting Persons, other than the Special Situations Fund, disclaims beneficial ownership of the reported securities except to the extent of its pecuniary interest.

(5) The Non-Voting Common Stock are convertible on a one-for-one basis into Common Stock. However, the holder cannot convert the securities if it and any of its affiliates would, after such conversion, beneficially own greater than 9.99% of the Common Stock. The beneficial ownership of the Common Stock by the holder and its affiliates currently exceeds 9.99%, and accordingly, it cannot currently convert any of the Non-Voting Common Stock. The right to convert Non-Voting Common Stock into Common Stock does not expire.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.