

Pacific Ethanol, Inc.
Form 4
December 14, 2016

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 *
Candlewood Investment Group, LP

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

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)

555 THEODORE FREMD
AVE, SUITE C-303

(Street)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
X Form filed by More than One Reporting Person

RYE, NY 10580

(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	12/12/2016		S		1,737,390	D	\$ 9.33	4,046,369	I	See Footnote (1)
Common Stock	12/12/2016		S		1,026,379	D	\$ 9.33	2,101,534	I	See Footnote (2)
Common Stock	12/12/2016		S		70,585	D	\$ 9.33	122,029	I	See Footnote (3)
Common Stock	12/12/2016		S		17,646	D	\$ 9.33	30,507	I	See Footnote

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								(3)
Common Stock	12/12/2016	S	76,148	D	\$ 10.3345 (4)	3,970,221	I	See Footnote (1)
Common Stock	12/12/2016	S	44,985	D	\$ 10.3345 (4)	2,056,549	I	See Footnote (2)
Common Stock	12/12/2016	S	3,094	D	\$ 10.3345 (4)	118,935	I	See Footnote (3)
Common Stock	12/12/2016	S	773	D	\$ 10.3345 (4)	29,734	I	See Footnote (3)
Common Stock						900,177	I	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.

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 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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 6)
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V	(A)	(D)

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	12/14/2016
__Signature of Reporting Person	Date
Candlewood Special Situations General, LLC, By: /s/ Michael Lau, its Class A Member	12/14/2016
__Signature of Reporting Person	Date
Candlewood Investment Group General, LLC, By: /s/ Michael Lau, its Manager	12/14/2016
__Signature of Reporting Person	Date
Candlewood Special Situations Master Fund, Ltd., By: /s/ David Koenig, its Portfolio Manager	12/14/2016
__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) The securities are directly held by Candlewood Special Situations Master Fund, Ltd. (the "Special Situations Fund"). Candlewood Investment Group, LP (the "Investment Manager") serves as the investment manager to the Special Situations Fund, and Candlewood Special Situations General, LLC (the "Fund GP") serves as the general partner of the Special Situations Fund. Candlewood Investment Group General, LLC (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.
 - (2) The securities are directly held by a private investment fund for which (i) the Investment Manager serves as the investment manager and (ii) the Fund GP serves as the general partner. 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.
 - (3) The securities are directly held by a private investment fund for which the Investment Manager controls the investment manager advising such fund. The Manager GP serves as the general partner of the Investment Manager. Each of the Reporting Persons disclaims beneficial

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ownership of the reported securities except to the extent of its pecuniary interest.

- (4) The transactions were executed in multiple trades at prices ranging from \$10.05 to \$10.75. The price above reflects the weighted average sales price. Detailed information regarding the number of shares sold at each separate price will be provided upon request by the Commission staff, the Issuer or a security holder of the Issuer.

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.