

INNOVO GROUP INC
Form 4
May 16, 2006

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 *
CROSSMAN MARC

(Last) (First) (Middle)
5804 EAST SLAUSON AVE.
(Street)

COMMERCE, CA 90040

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
INNOVO GROUP INC [INNO]

3. Date of Earliest Transaction
(Month/Day/Year)
05/12/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
CEO, President and CFO

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 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 Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) | Code V Amount (D) Price | | |

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

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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 | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title of Underlying Security (Instr. 3) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|--|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|--|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) Code | (Instr. 3, 4, and 5) V | (A) | (D) | Date Exercisable | Expiration Date | Title |
|--------------------------------------|------------------------------|------------------|------------------|------------------------|-----|-----------|------------------|---------------------------|------------|
| Employee Stock Option (right to buy) | \$ 2.86 | 05/12/2006 | D ⁽¹⁾ | | | 1,000,000 | ⁽²⁾ | 03/25/2013 | Comm Stock |
| Employee Stock Option (right to buy) | \$ 1.02 | 05/12/2006 | A ⁽¹⁾ | 1,000,000 | | | ⁽⁴⁾ | 05/12/2016 | Comm Stock |
| Employee Stock Option (right to buy) | \$ 5.91 | 05/12/2006 | D ⁽⁶⁾ | | | 250,000 | ⁽⁶⁾ | 06/13/2015 | Comm Stock |
| Employee Stock Option (right to buy) | \$ 1.02 | 05/12/2006 | A ⁽⁶⁾ | 250,000 | | | ⁽⁶⁾ | 06/13/2015 ⁽⁷⁾ | Comm Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| CROSSMAN MARC 5804 EAST SLAUSON AVE. COMMERCE, CA 90040 | X | | CEO, President and CFO | |

Signatures

/s/ Marc Crossman 05/12/2006

**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 reporting person agreed to a cancellation of an option previously granted to him on May 22, 2003 under the 2000 Employee Stock Incentive Plan (the "2000 Plan") in exchange for the grant of a new option for the same amount having a lower exercise price granted pursuant to the 2004 Stock Incentive Plan (the "2004 Plan"). After adoption of the 2004 Plan, the Company indicated that it would not make any additional grants pursuant to the 2000 Plan.

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- (2) These option originally vested on a monthly basis over a two year period beginning as of March 25, 2003 and were vested in full as of March 25, 2005.
- (3) These options were granted pursuant to the 2000 Plan.
- (4) The new grant of options is immediately vested and exercisable in full.
- (5) These options were granted pursuant to the 2004 Plan.

- Pursuant to the terms of the 2004 Plan, the Compensation Committee of the Board of Directors elected to amend the outstanding option to provide for a lower exercise price. The amendment of the outstanding option results in the deemed cancellation of the option and the grant of a replacement option. The option was originally granted on June 13, 2005 and was exercisable in full as of the date of grant.
- (6) Except for the amendment to the exercise price, the terms of the original grant remain the same for what is deemed to be the replacement grant.
 - (7)

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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