

Pacific Ethanol, Inc.  
 Form 4  
 December 28, 2009

**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 \*  
 Lyles United, LLC

(Last) (First) (Middle)  
 1210 W. OLIVE STREET  
 (Street)  
 FRESNO, CA 92728  
 (City) (State) (Zip)

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

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 12/23/2009

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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 Following 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 (Instr. 3)	2. Conversion or Exercise Price of	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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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Derivative Security			Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount Number Shares
			Code	V (A) (D)				
Series B Cumulative Convertible Preferred Stock	\$ 6.3316 <u>(1)</u> <u>(2)</u>	12/23/2009	S	1,538,462	<u>(1)</u> <u>(2)</u>	<u>(1)</u> <u>(2)</u>	Common Stock	4,738,

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Lyles United, LLC 1210 W. OLIVE STREET FRESNO, CA 92728		X		

## Signatures

/s/ William M. Lyles, IV, Vice  
President

12/28/2009

\*\*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).

- Each share of Series B Cumulative Convertible Preferred Stock (the "Series B Stock") is convertible at the option of Lyles United, LLC ("Lyles") into that number of shares of the issuer's Common Stock equal to: (i) \$19.50, divided by (ii) the conversion price in effect at the time of conversion. The conversion price of the Series B Stock is currently fixed at \$6.3316226, but is subject to certain anti-dilution adjustments as set forth in the Certificate of Designations, Powers, Preferences and Rights of the Series B Stock (the "Certificate of Designations"). Using the current conversion price, Lyles' 512,820 shares of Series B Stock are convertible into 1,579,372 shares of the issuer's Common Stock. Lyles' right to convert the Series B Stock does not expire.
- (1)
- (2) The Series B Stock shall, upon the occurrence of certain events, automatically convert into Common Stock pursuant to the terms of the Certificate of Designations.

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.