

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 *
Quiroga Richard Allan JR

(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)
Principal Accounting Officer

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 (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 | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying Security (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|---|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|---|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | | Disposed of (D) | | Date Exercisable | Expiration Date | Title |
|--------------------------------------|------------------------------|------------------|------------------|---|-----------------|---------|------------------|---------------------------|--------------|
| | | | Code | V | (A) | (D) | | | |
| Employee Stock Option (right to buy) | \$ 1.55 | 05/12/2006 | D ⁽¹⁾ | | | 100,000 | <u>(1)</u> | 08/02/2014 | Common Stock |
| Employee Stock Option (right to buy) | \$ 1.02 | 05/12/2006 | A ⁽¹⁾ | | 100,000 | | <u>(1)</u> | 08/02/2014 ⁽³⁾ | Common Stock |
| Employee Stock Option (right to buy) | \$ 2.22 | 05/12/2006 | D ⁽⁴⁾ | | | 100,000 | <u>(4)</u> | 08/04/2015 | Common Stock |
| Employee Stock Option (right to buy) | \$ 1.02 | 05/12/2006 | A ⁽⁴⁾ | | 100,000 | | <u>(4)</u> | 08/04/2015 ⁽³⁾ | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Quiroga Richard Allan JR 5804 EAST SLAUSON AVE COMMERCE, CA 90040 | | | Principal Accounting Officer | |

Signatures

/s/ Richard Quiroga
 05/16/2006
 **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) Pursuant to the terms of the Innovo Group Inc. 2004 Stock Incentive Plan ("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 August 2, 2004 and vested on a monthly basis over a two year period beginning August 2, 2004. The replacement option continues to be subject to the

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remainder of the vesting period.

- (2) These options were granted pursuant to the 2004 Plan.
- (3) 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.
Pursuant to the terms of the 2004 Plan, the Compensation Committee of the Board of Directors elected to amend the outstanding option to
- (4) 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 August 4, 2005 and was exercisable in full as of the date of grant.

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.