

KAIROUZ HABIB  
Form 4  
May 28, 2013

**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 \*  
RHO Ventures VI LP

(Last) (First) (Middle)

152 WEST 57TH STREET, 23RD FLOOR

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
BLUEFLY INC [BFLY]

3. Date of Earliest Transaction (Month/Day/Year)  
05/23/2013

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)

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 Indirect Beneficial Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	05/23/2013		S(1)	11,900,164 D \$ 0.0076	0	I (2) (3)	See notes (2) (3)
Common Stock	05/23/2013		J(4)	1,875 D \$ 0 0	0	I (5)	See note (5)

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

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**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 Security (Instr. 3 and 4)	Amount or Number of Shares
12% Secured Subordinated Convertible Promissory Notes	\$ 1,500,000	05/23/2013		J <sup>(6)</sup>	\$ 1,500,000	<sup>(6)</sup> / <sub>(6)</sub>	Common Stock	<sup>(6)</sup>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RHO Ventures VI LP 152 WEST 57TH STREET, 23RD FLOOR NEW YORK, NY 10019	X	X		
RMV VI, L.L.C. 152 WEST 57TH STREET, 23RD FLOOR NEW YORK, NY 10019	X	X		
Rho Capital Partners LLC 152 WEST 57TH STREET, 23RD FLOOR NEW YORK, NY 10019	X	X		
KAIROUZ HABIB 152 WEST 57TH STREET, 23RD FLOOR NEW YORK, NY 10019	X	X		
LESCHLY MARK 152 WEST 57TH STREET, 23RD FLOOR NEW YORK, NY 10019	X	X		
RUCH JOSHUA 152 WEST 57TH STREET, 23RD FLOOR NEW YORK, NY 10019	X	X		

## Signatures

/s/ Jeffrey I. Martin,  
Attorney-in-fact

05/28/2013

          \*\*Signature of Reporting Person

\_\_\_\_ Date

/ s/ Jeffrey I. Martin,  
Attorney-in-fact 05/28/2013

\_\_Signature of Reporting Person Date

s/ Jeffrey I. Martin Atty In Fact 05/28/2013

\_\_Signature of Reporting Person Date

/s/ Habib Kairouz 05/28/2013

\_\_Signature of Reporting Person Date

/ s/ Jeffrey I. Martin, Attorney  
in fact 05/28/2013

\_\_Signature of Reporting Person Date

s/ Jeffrey I. Martin  
Attorney-In-Fact 05/28/2013

\_\_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 May 23, 2013, Rho Ventures VI, L.P. ("Rho Ventures") entered into a Stock Purchase Agreement pursuant to which Rho Ventures sold 11,900,164 shares of Common Stock of the Issuer to Runway Acquisition Sub, Inc. in a private transaction.

(2) Owned directly by Rho Ventures. RMV VI, L.L.C. ("RMV"), is the general partner of Rho Ventures, Rho Capital Partners LLC ("Rho Capital Partners") is the managing member of RMV, and Mark Leschly, Habib Kairouz and Joshua Ruch are managing members of Rho Capital Partners. RMV disclaims beneficial ownership of the securities, except to the extent of its pecuniary interest, if any, in the securities by virtue of its general partner interest in Rho Ventures. Rho Capital Partners disclaims beneficial ownership of the securities, except to the extent of its pecuniary interest, if any, in the securities by virtue of its membership interest in RMV. (Continued to footnote 3)

(3) Each of Mark Leschly, Habib Kairouz and Joshua Ruch disclaims beneficial ownership of the securities, except to the extent of his pecuniary interest, if any, in the securities by virtue of his membership interest in Rho Capital Partners and, as applicable, direct or indirect limited partner interest in Rho Ventures. Immediately prior to the reported transactions, the reporting persons may have been deemed to be members of a Section 13(d) group owning more than 10% of the issuer's outstanding common stock, based upon Rho Ventures being party to that certain Amended and Restated Voting Agreement (the "Voting Agreement") dated December 21, 2009, as amended. In connection with this transaction, the Voting Agreement has been terminated.

(4) By letter to the Issuer, dated May 23, 2013, Habib Kairouz elected to abandon his ownership of all shares of Common Stock owned by him for no consideration.

(5) Owned by Habib Kairouz.

(6) On August 13, 2012, Rho Ventures entered into a Note and Warrant Purchase Agreement pursuant to which Rho Ventures purchased from the Issuer a secured convertible subordinated promissory note in an aggregate principal amount of \$1,500,000 (the "Note") and a warrant to acquire 476,190 shares of Common Stock at an exercise price of \$1.05 per share. The Note beared interest at an annual rate equal to 12% per annum, with interest accruing on a cumulative, compounding basis and was convertible at any time at the option of Rho Ventures, into common stock of the Issuer at \$1.05 per share, subject to certain limitations and adjustments set forth under the Note. On May 23, 2013, the Issuer repaid in full all principal and \$139,068.49 of accrued interest on the Note.

### Remarks:

As of May 23, 2013, Habib Kairouz will no longer be a director 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.

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