

Dailley Anthony
Form 4
October 31, 2007

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
Dailley Anthony

2. Issuer Name and Ticker or Trading Symbol
NovaBay Pharmaceuticals, Inc.
[NBV]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
10/31/2007

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

C/O NOVABAY
PHARMACEUTICALS, INC., 5980
HORTON STREET, SUITE 550

(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
 Form filed by More than One Reporting Person

EMERYVILLE, CA 94608

(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 | 10/31/2007 | | C | | 28,572 | A | \$ 0 (1) | 113,600 | I | By the Anthony and Terry Dailley Trust, u/a/d 07/12/1991 |
| Common Stock | 10/31/2007 | | C | | 5,319 | A | \$ 0 (2) | 7,180 | I | By the Anthony Dailley DDS Profit |

Edgar Filing: Dailley Anthony - Form 4

| | | | | | | | | Sharing Plan | |
|--------------|------------|--|---|--------|---|-------------|---------|--------------|----------------------------------------------------------|
| Common Stock | 10/31/2007 | | C | 16,000 | A | \$ 0 (2) | 129,600 | I | By the Anthony and Terry Dailley Trust, u/a/d 07/12/1991 |
| Common Stock | 10/31/2007 | | C | 8,823 | D | \$ 0 (3) | 138,423 | I | By the Anthony and Terry Dailley Trust, u/a/d 07/12/1991 |

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.

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 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. P |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title | Amount or Number of Shares |
| Series A Preferred Stock | \$ 0 (1) | 10/31/2007 | | C | 57,143 | (1) (1) | Common Stock | 28,572 |
| Series B Preferred Stock | \$ 0 (2) | 10/31/2007 | | C | 10,638 | (2) (2) | Common Stock | 5,319 |
| Series B Preferred | \$ 0 (2) | 10/31/2007 | | C | 32,000 | (2) (2) | Common Stock | 16,000 |

Stock

| | | | | | | | | |
|--------------------------|---------------------|------------|---|--------|----------------|----------------|--------------|-------|
| Series C Preferred Stock | \$ 0 ⁽³⁾ | 10/31/2007 | C | 17,647 | ⁽³⁾ | ⁽³⁾ | Common Stock | 8,823 |
|--------------------------|---------------------|------------|---|--------|----------------|----------------|--------------|-------|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---------------------------------------------------------------------------------------------------------------|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Dailley Anthony C/O NOVABAY PHARMACEUTICALS, INC. 5980 HORTON STREET, SUITE 550 EMERYVILLE, CA 94608 | X | | | |

Signatures

/s/ Jason R. Wisniewski, Esq., Attorney-in-Fact for Anthony Dailley 10/31/2007

__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 Series A Preferred Stock converted into NovaBay Pharmaceuticals, Inc. common stock and has no expiration date.
- (2) The Series B Preferred Stock converted into NovaBay Pharmaceuticals, Inc. common stock and has no expiration date.
- (3) The Series C Preferred Stock converted into NovaBay Pharmaceuticals, Inc. common stock and has no expiration date.

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.