

KAIROUZ HABIB  
Form 4  
August 15, 2012

**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)  
08/13/2012

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 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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
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__Signature of Reporting Person	Date
s/ Jeffrey I. Martin Atty In Fact	08/15/2012

__Signature of Reporting Person	Date
/ s/ Jeffrey I. Martin, Attorney in fact	08/15/2012

__Signature of Reporting Person	Date
/s/Jeffrey I. Martin, Attorney-in-fact	08/15/2012

__Signature of Reporting Person	Date
s/ Jeffrey I. Martin Attorney-In-Fact	08/15/2012

__Signature of Reporting Person	Date
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## 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).

On August 13, 2012, Rho Ventures VI, L.P. ("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 (subject to adjustment in the event of stock splits, stock dividends, reclassifications and the like) (the "Warrant"), which Warrant may be exercised at the option of Rho Ventures for cash or on a cashless basis until August 13, 2019. The Note bears interest at an annual rate equal to 12% per annum, with interest accruing on a cumulative, compounding basis and is 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.

- (1)

The Note, the Warrant and the shares of Common Stock underlying the Note and Warrant (collectively, the "Securities") are 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.

- (2)

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. The reporting persons may be 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, dated December 21, 2009. Pursuant to that agreement, Rho Ventures has certain rights, including the right to designate two representatives on the board of directors of the Issuer and has designated Habib Kairouz as its representative.

- (3)

As previously reported on Form 4, Habib Kairouz beneficially owns 16,581 shares of the issuer, which consist of 1,875 additional shares of common stock of the Issuer as a result of the vesting in full on February 2, 2011 of restricted stock granted to Mr. Kairouz in connection with his appointment as a member of the board of directors of the Issuer on December 21, 2009 and 14,706 shares of Common Stock of the Issuer issuable upon the exercise of options under the Issuer's 2005 Stock Incentive Plan.

- (4)

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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