

QUANTUM INDUSTRIAL PARTNERS LDC ET AL
 Form 4
 December 23, 2009

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 *
 QUANTUM INDUSTRIAL PARTNERS LDC ET AL

(Last) (First) (Middle)

KAYA FLAMBOYAN
 9, WILLEMSTAD, CURACAO

(Street)

NETHERLANDS ANTILLES, P8

(City) (State) (Zip)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
 12/21/2009

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
 ___X___ 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 (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock | 12/21/2009 | | J ⁽¹⁾ | V | Amount 1,064,400 Price \$ 1.7 | A | 5,924,515 D ⁽²⁾ |

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

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 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Convertible Promissory Note | \$ 3.65 ⁽¹⁾ | 12/21/2009 | | J ⁽¹⁾ | \$ 1,809,480 | 07/23/2008 07/23/2011 | Common Stock 1, |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| QUANTUM INDUSTRIAL PARTNERS LDC ET AL KAYA FLAMBOYAN 9 WILLEMSTAD, CURACAO NETHERLANDS ANTILLES, P8 | | X | | |
| QIH MANAGEMENT INVESTOR LP 888 SEVENTH AVENUE 33RD FLOOR NEW YORK, NY 10106 | | X | | |
| QIH MANAGEMENT LLC 888 SEVENTH AVENUE 33RD FLOOR NEW YORK, NY 10106 | | X | | |
| SOROS FUND MANAGEMENT LLC 888 SEVENTH AVENUE 33RD FLOOR NEW YORK, NY 10106 | | X | | |

Signatures

/s/ Jay Schoenfarber, Attorney-in-Fact for Quantum Industrial Partners LDC 12/23/2009
 **Signature of Reporting Person Date

/s/ Jay Schoenfarber, as Assistant General Counsel of Soros Fund Management, LLC, which is the Managing Member of QIH Management LLC, which is the general partner of QIH Management Investor, L.P. 12/21/2009
 **Signature of Reporting Person Date

/s/ Jay Schoenfarber, as Assistant General Counsel of Soros Fund Management, LLC, which is the Managing Member of QIH Management LLC 12/21/2009
 **Signature of Reporting Person Date

/s/ Jay Schoenfarber, as Assistant General Counsel

12/21/2009

__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).

The Convertible Promissory Note is convertible at the option of the holder (i) into that number of shares of common stock, \$0.01 par value per share, of the issuer equal to the principal amount of the note divided by \$3.65, or (ii) into that number of equity securities of the issuer sold in cash in a future financing ("Subsequent Securities") equal to the principal amount of the note divided by the lowest price

(1) paid by any purchaser of the Subsequent Securities (the "Subsequent Conversion Price"). On December 21, 2009, Quantum Industrial Partners LDC, an exempted limited duration company formed under the laws of the Cayman Islands ("QIP") converted the Convertible Promissory Note into shares of the issuer's common stock, \$0.01 par value per share ("Common Stock"), at a conversion price of \$1.70 per share in accordance with clause (ii) of the previous sentence, resulting in the issuance to QIP of 1,064,400 shares of common stock.

(2) These securities are held for the account of QIP. QIH Management Investor, L.P., an investment advisory firm organized as a Delaware limited partnership ("QIHMI"), is a minority shareholder of, and is vested with investment discretion with respect to portfolio assets held for the account of QIP. The sole general partner of QIHMI is QIH Management LLC, a Delaware limited liability company ("QIH Management"). Soros Fund Management LLC, a Delaware limited liability company, is the sole managing member of QIH Management.

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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