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BLUE HOLDINGS, INC.  
Form POS AM  
May 18, 2006

As filed with the Securities and Exchange  
Commission on May 17, 2006

Registration No. 333-128288

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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POST-EFFECTIVE AMENDMENT NO. 3 TO FORM SB-2  
ON FORM S-3  
REGISTRATION STATEMENT  
UNDER THE  
SECURITIES ACT OF 1933  
-----

BLUE HOLDINGS, INC.  
(Exact Name of Registrant as Specified in its Charter)

NEVADA  
(State or Other Jurisdiction of  
Incorporation or Organization)

88-0450923  
(I.R.S Employer  
Identification No.)

5804 E. SLAUSON AVE.  
COMMERCE, CA 90040  
(323) 725-5555  
(Address, Including Zip Code, and Telephone Number, Including Area Code,  
of Principal Executive Offices)

PATRICK CHOW, CHIEF FINANCIAL OFFICER  
BLUE HOLDINGS, INC.  
5804 E. SLAUSON AVE.  
COMMERCE, CA 90040  
(323) 725-5555

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(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Post-Effective Amendment.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list

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the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. [ ]

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (2)	PROPOSED MAXIMUM AGGREG OFFERING PRICE
Common Stock, par value \$.0001 per share...	23,351,822	\$5.82	\$135,907,604
<b>TOTAL</b>	<b>23,351,822</b>		<b>\$135,907,604</b>

- (1) In the event of a stock split, stock dividend, or other similar transaction involving the Registrant's common stock, in order to prevent dilution, the number of shares registered shall automatically be increased to cover the additional shares in accordance with Rule 416(a) under the Securities Act.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, using the average of the high and low price as reported on the NASDAQ Capital Market on May 12, 2006.
- (3) A registration fee of \$26,784 was paid with respect to 25,284,657 shares with the initial filing of the Registration Statement.

THIS POST-EFFECTIVE AMENDMENT NO. 3 TO REGISTRATION STATEMENT NO. 333-128288 SHALL HEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(C) OF THE SECURITIES ACT OF 1933 ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(C), MAY DETERMINE.

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## EXPLANATORY NOTE

Pursuant to Rule 401(e) of the Securities Act of 1933, the Registrant is filing this Post-Effective Amendment No. 3 (the "Amendment") to Form SB-2 on Form S-3 to update information contained in the prospectus included in the Registrant's Registration Statement on Form SB-2, as amended (Registration No. 333-128288) (the "Registration Statement"). The Registration Statement was declared effective by the Securities and Exchange Commission on September 28, 2005.

Subject to Completion, Dated May 17, 2006

BLUE HOLDINGS, INC.

23,351,822 SHARES  
COMMON STOCK

This prospectus relates to the offer and sale from time to time of up to 23,351,822 shares of our common stock that are held by the shareholders named in the "Selling Shareholders" section of this prospectus. The prices at which the selling shareholders may sell the shares in this offering will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any of the proceeds from the sale of the shares. We will bear all expenses of registration incurred in connection with this offering. The selling shareholders whose shares are being registered will bear all selling and other expenses.

Our common stock is quoted on the NASDAQ Capital Market under the symbol "BLUE." On May 12, 2006, the last reported sales price of the common stock on the NASDAQ Capital Market was \$6.25 per share.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_

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You should rely only on the information contained in this prospectus or any supplement. We have not authorized anyone to provide information that is different from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Except as otherwise indicated, information in this prospectus reflects a 1-for-29 reverse stock split of our common stock which took effect on and as of June 7, 2005.

### PROSPECTUS SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION CONTAINED IN GREATER DETAIL ELSEWHERE IN THIS PROSPECTUS. THIS SUMMARY DOES NOT CONTAIN ALL THE INFORMATION YOU SHOULD CONSIDER BEFORE INVESTING IN OUR COMMON STOCK. YOU SHOULD READ THE ENTIRE PROSPECTUS CAREFULLY BEFORE MAKING AN INVESTMENT DECISION, INCLUDING "RISK FACTORS" AND THE CONSOLIDATED FINANCIAL STATEMENTS AND THE RELATED NOTES. REFERENCES IN THIS PROSPECTUS TO "BLUE HOLDINGS," "WE," "OUR" AND "US" REFER TO BLUE HOLDINGS, INC. AND OUR CONSOLIDATED SUBSIDIARIES.

### OUR BUSINESS

We design, develop, market and distribute high end fashion jeans, apparel and accessories under the brand names "Antik Denim," "Yanuk," "U" and "Taverniti So Jeans." We also plan to design, develop, market and distribute jeans and accessories under other brands that we may license or acquire from time to time. Our products currently include jeans, jackets, belts, purses and T-shirts. We currently sell our products in the United States, Canada, Japan and the European Union directly to department stores and boutiques and through distribution arrangements in certain foreign jurisdictions. We are headquartered in Commerce, California and maintain two showrooms in New York and Los Angeles. We opened a retail store in Los Angeles during August 2005.

### OUR INDUSTRY

We operate in the high end fashion denim industry. Our competitors are companies such as Levi Strauss, Calvin Klein, Joe's Jeans, True Religion Apparel, Seven For All Mankind and Citizens of Humanity. Our competitive edge lies in our ability to create innovative concepts and designs, to develop products with extraordinary fit, and to expand our high quality fabrics and finishes, treatments and embellishments (including our patent pending pockets, hand stitching and embroidery detail).

### OUR HISTORY

Blue Holdings, Inc. was incorporated in the State of Nevada on February 9, 2000 under the name Marine Jet Technology Corp. From our inception through January 2005, we focused on developing and marketing boat propulsion technology. Between January and February 2005, we entered into separate transactions whereby, among other matters, Keating Reverse Merger Fund, LLC ("KRM Fund"), an existing shareholder of the Company and a selling shareholder in this prospectus, agreed to purchase a substantial majority of our outstanding common

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stock, and Intellijet Marine, Inc., a company formed by our former majority shareholder and principal executive officer and director, Jeff P. Jordan, acquired all of our boat propulsion technology assets and assumed all of our then existing liabilities.

Between February 4, 2005 and April 29, 2005, we existed as a public "shell" company with nominal assets.

### REVERSE ACQUISITION AND SIGNIFICANT DEVELOPMENTS IN 2005 AND 2006

On April 14, 2005, we entered into an Exchange Agreement (the "Antik Exchange Agreement") with Antik Denim, LLC, a California limited liability company formed in September 2004 ("Antik"), the members of Antik (the "Antik Members"), and KRM Fund. The closing of the transactions contemplated by the Antik Exchange Agreement occurred on April 29, 2005. At the closing, we acquired all of the outstanding membership interests of Antik (the "Antik Interests") from the Antik Members, and the Antik Members contributed all of their Antik Interests to us. In exchange, we issued to the Antik Members 843,027 shares of our Series A Convertible Preferred Stock, par value \$0.001 per share (the "Preferred Shares"), which, as a result of the approval by a substantial majority of our outstanding shareholders

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entitled to vote and the approval by our Board of Directors, of amendments to our Articles of Incorporation that (i) changed our name to Blue Holdings, Inc., (ii) increased our authorized number of shares of common stock to 75,000,000, and (iii) adopted a 1-for-29 reverse stock split, on June 7, 2005 converted into 708,984,875 shares of our common stock on a pre-reverse stock split basis and 24,447,783 shares of our common stock on a post-reverse stock split basis.

At the closing, Antik became our wholly-owned subsidiary. The exchange transaction with Antik was accounted for as a reverse merger (recapitalization) with Antik deemed to be the accounting acquirer, and we were deemed to be the legal acquirer.

As of May 9, 2006, the former members of Antik held approximately 86.8% of the outstanding shares of our common stock.

On July 5, 2005, we entered into a license agreement with Yanuk Jeans LLC, a company wholly-owned by Paul Guez, to sell products under the "Yanuk" label. This agreement became effective as of July 1, 2005, and will expire on June 30, 2015. Under the terms of the agreement, we became the exclusive licensor for the design, development, manufacture, sale, marketing and distribution of "Yanuk" branded products to the wholesale and retail trade. The agreement provides for annual royalty payments equal to six percent of all net sales that we generate from sale of the licensed products or annual minimum royalty payments. In addition, during the term of the license agreement, we have the option to purchase from Yanuk Jeans LLC the property licensed under the agreement.

On September 8, 2005, Antik entered into an agreement with Titan Industries, Inc. that provides Titan with an exclusive right to use the "Antik Denim" trademark for the sale of men's and women's footwear in the United States and its possessions and territories, Canada and Mexico, and a right of first refusal for similar use of the trademark in Europe and South America.

On October 6, 2005, we entered into a five-year license agreement with Yanuk Jeans LLC, effective October 5, 2005. Under the terms of the license

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agreement, we became the exclusive licensor for the design, development, manufacture, sale, marketing and distribution of Yanuk Jeans LLC's "U" brand products to the wholesale and retail trade. The agreement provides for annual royalty payments equal to five percent of all net sales that we generate from sale of the licensed products or annual minimum royalty payments. In addition, during the term of the license agreement, we have the option to purchase from Yanuk Jeans LLC the property licensed under the license agreement.

On October 31, 2005, we entered into an Exchange Agreement (the "Taverniti Exchange Agreement") with Taverniti So Jeans, LLC, a California limited liability company formed in September 2004 ("Taverniti"), and the members of Taverniti (the "Taverniti Members"). Under the Taverniti Exchange Agreement, the Company acquired all of the outstanding membership interests of Taverniti (the "Taverniti Interests") from the Taverniti Members, and the Taverniti Members contributed all of their Taverniti Interests to the Company. In exchange, we issued to the Taverniti Members, on a pro rata basis, an aggregate of 500,000 shares of our Common Stock, par value \$0.001 per share, and paid to the Taverniti Members, on a pro rata basis, an aggregate of Seven Hundred Fifty Thousand Dollars (\$750,000). At the closing of the exchange transaction, Taverniti became our wholly-owned subsidiary.

Paul Guez, the Company's Chairman, Chief Executive Officer, President and majority shareholder, was and remains the sole manager and was a member of Taverniti. Elizabeth Guez, Paul Guez's spouse and the Company's former Chief Operating Officer, was a member of Taverniti. Two other members of Mr. and Mrs. Guez's family, including Gregory Abbou, the President of Taverniti, were the remaining members of Taverniti. Taverniti is the exclusive licensee for the design, development, manufacture, sale, marketing and distribution of the "Taverniti So Jeans" trademark in the denim and knit sports wear categories for men and women. It is paying royalties to Taverniti Holdings LLC in the ranges of

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5-8 percent depending on the net sales of the licensed products pursuant to a license agreement with Taverniti Holdings LLC. Taverniti Holdings LLC is jointly owned by Paul Guez (60%) and Jimmy Taverniti (40%), the designer of the products for the brand, and Mr. Guez is the sole manager. The license agreement was signed in May 2004 and expires on December 31, 2015.

On March 31, 2006, we entered into a Letter of Intent with Global Fashion Group, SA ("Global Fashion Group") to form a new joint venture company which will have a license to produce, manufacture and distribute apparel and accessories for our three principal brands, "Antik Denim," "Taverniti So Jeans" and "Yanuk," throughout Europe and other territories. The initial term of the license will be for two years, with automatic renewal for an additional three-year term if the joint venture achieves target net sales and is not in breach of the license. Under the terms of the Letter of Intent, the joint venture will pay to us a royalty of fifteen percent (15%) of all net sales of the licensed products and will pay guaranteed minimum royalties on an annual basis in the aggregate amount of EUR 13.4 million through 2010 assuming the license to the joint venture is renewed. The Letter of Intent provided for an upfront initial license fee of EUR 200,000. We will own one-half of the ownership interest in the joint venture and Global Fashion Group will own the remaining half. The joint venture will have a right of first refusal to license future brands developed by us and neither the joint venture nor Global Fashion Group are permitted to engage in competitive activities with respect to the products licensed to the joint venture during the term of the license. The parties are currently negotiating the final definitive documents for the transaction.

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## OUR CONTACT INFORMATION

The address of our principal executive office is 5804 E. Slauson Ave. Commerce, CA 90040, and our telephone number is (323) 725-5555.

## THE OFFERING

Common stock offered.....	23,351,822	shares	by	the	selling
					shareholders
Common stock outstanding before this offering.....	26,057,200	shares			
Common stock to be outstanding after this offering.....	26,057,200	shares			
Use of proceeds.....	We will not receive any of the proceeds from the sale of shares of our common stock by the selling shareholders. See "Use of Proceeds."				
NASDAQ Capital Market symbol.....	BLUE				
Risk Factors.....	See "Risk Factors" beginning on page 4 for a discussion of factors that you should consider carefully before deciding to purchase our common stock.				

In the table above, the number of shares to be outstanding after this offering is based on 26,057,200 shares outstanding as of May 9, 2006. The number of shares to be outstanding after this offering does not reflect the issuance of the following shares which are not being offered for sale under this prospectus:

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- o 697,000 shares issuable upon the exercise of outstanding stock options at a weighted average exercise price of \$6.41 per share, as of May 9, 2006; and
- o 1,803,000 additional shares reserved for issuance under our 2005 Stock Incentive Plan, as of May 9, 2006.

## RISK FACTORS

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS AND ALL OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE PURCHASING OUR COMMON STOCK. THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE NOT THE ONLY ONES FACING US. ADDITIONAL RISKS AND UNCERTAINTIES THAT WE ARE UNAWARE OF, OR THAT WE CURRENTLY DEEM IMMATERIAL, ALSO MAY BECOME IMPORTANT FACTORS THAT AFFECT US. IF ANY OF THE FOLLOWING RISKS OCCUR, OUR BUSINESS, FINANCIAL CONDITION OR RESULTS OF OPERATIONS COULD BE MATERIALLY AND ADVERSELY AFFECTED. IN THAT CASE, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE, AND YOU MAY LOSE SOME OR ALL OF YOUR INVESTMENT.

## RISKS RELATED TO OUR BUSINESS

WE HAVE A LIMITED OPERATING HISTORY, MAKING IT DIFFICULT TO EVALUATE WHETHER WE WILL OPERATE PROFITABLY.

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Antik and Taverniti were formed in September 2004 to design, develop, manufacture, market, distribute and sell high end fashion jeans, apparel and accessories. As a result, we do not have a meaningful historical record of sales and revenues nor an established business track record. While our management believes that we have an opportunity to be successful in the high end fashion jean market, there can be no assurance that we will be successful in accomplishing our business initiatives, or that we will achieve any significant level of revenues, or continue to recognize net income, from the sale of our products.

Unanticipated problems, expenses and delays are frequently encountered in increasing production and sales and developing new products, especially in the current stage of our business. Our ability to continue to successfully develop, produce and sell our products and to generate significant operating revenues will depend on our ability to, among other matters:

- successfully market, distribute and sell our products or enter into agreements with third parties to perform these functions on our behalf; and
- obtain the financing required to implement our business plan.

Given our limited operating history, our license agreements with Yanuk Jeans LLC, our acquisition of Taverniti, and our lack of long-term sales history and other sources of revenue, there can be no assurance that we will be able to achieve any of our goals and develop a sufficiently large customer base to be profitable.

### WE MAY REQUIRE ADDITIONAL CAPITAL IN THE FUTURE.

We may not be able to fund our future growth or react to competitive pressures if we lack sufficient funds. Currently, management believes we have sufficient cash on hand and cash available through our factor to fund existing operations for the foreseeable future. However, in the future, we may need to raise additional funds through equity or debt financings or collaborative relationships, including in the event that we lose our relationship with our factor. This additional funding may not be available or, if available, it may not be available on commercially reasonable terms. In addition, any additional funding may result in significant dilution to existing shareholders. If adequate funds are not available on

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commercially acceptable terms, we may be required to curtail our operations or obtain funds through collaborative partners that may require us to release material rights to our products.

### FAILURE TO MANAGE OUR GROWTH AND EXPANSION COULD IMPAIR OUR BUSINESS.

Management believes that we are poised for significant growth in 2006. However, no assurance can be given that we will be successful in maintaining or increasing our sales in the future. Any future growth in sales will require additional working capital and may place a significant strain on our management, management information systems, inventory management, sourcing capability, distribution facilities and receivables management. Any disruption in our order processing, sourcing or distribution systems could cause orders to be shipped late, and under industry practices, retailers generally can cancel orders or refuse to accept goods due to late shipment. Such cancellations and returns



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would result in a reduction in revenue, increased administrative and shipping costs and a further burden on our distribution facilities.

Additionally, we intend from time to time to open and/or license retail stores focusing on the "Antik Denim," "Yanuk," "Taverniti So Jeans" and other brands, and to acquire and/or license other businesses and brands, as applicable, as we deem appropriate. If we are unable to adequately manage our retail operations, or to properly integrate any business or brands we acquire and/or license, this could adversely affect our results of operation and financial condition.

WE CURRENTLY OWN OR LICENSE, AND OPERATE, A LIMITED NUMBER OF PRINCIPAL BRANDS. IF WE ARE UNSUCCESSFUL IN MARKETING AND DISTRIBUTING THOSE BRANDS OR IN EXECUTING OUR OTHER STRATEGIES, OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION WILL BE ADVERSELY AFFECTED.

While our goal is to employ a multi-brand strategy that will ultimately diversify the fashion and other risks associated with reliance on a limited product line, we currently operate, directly and through our wholly-owned subsidiaries Antik and Taverniti, a limited number of principal brands, most of which are being operated pursuant to very recent license or acquisition agreements. If we are unable to successfully market and distribute our branded products, or if the recent popularity of premium denim brands decreases, or if we are unable to execute on our multi-brand strategy to acquire and/or license additional companies and/or brands, as applicable, identified by our management from time to time, our results of operations and financial condition will be adversely affected.

OUR OPERATING RESULTS MAY FLUCTUATE SIGNIFICANTLY.

Management expects that we will experience substantial variations in our net sales and operating results from quarter to quarter. We believe that the factors which influence this variability of quarterly results include:

- the timing of our introduction of new product lines;
- the level of consumer acceptance of each new product line;
- general economic and industry conditions that affect consumer spending and retailer purchasing;
- the availability of manufacturing capacity;
- the seasonality of the markets in which we participate;
- the timing of trade shows;
- the product mix of customer orders;
- the timing of the placement or cancellation of customer orders;
- the weather;
- transportation delays;
- quotas and other regulatory matters;

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- the occurrence of charge backs in excess of reserves; and
- the timing of expenditures in anticipation of increased sales and actions of competitors.

As a result of fluctuations in our revenue and operating expenses that may occur, management believes that period-to-period comparisons of our results of operations are not a good indication of our future performance. It is possible that in some future quarter or quarters, our operating results will be below the expectations of securities analysts or investors. In that case, our common stock price could fluctuate significantly or decline.

THE FINANCIAL CONDITION OF OUR CUSTOMERS COULD AFFECT OUR RESULTS OF OPERATIONS.

Certain retailers, including some of our customers, have experienced in the past, and may experience in the future, financial difficulties, which increase the risk of extending credit to such retailers and the risk that financial failure will eliminate a customer entirely. These retailers have attempted to improve their own operating efficiencies by concentrating their purchasing power among a narrowing group of vendors. There can be no assurance that we will remain a preferred vendor for our existing customers. A decrease in business from or loss of a major customer could have a material adverse effect on our results of operations. There can be no assurance that our factor will approve the extension of credit to certain retail customers in the future. If a customer's credit is not approved by the factor, we could assume the collection risk on sales to the customer itself, require that the customer provide a letter of credit, or choose not to make sales to the customer.

OUR BUSINESS IS SUBJECT TO RISKS ASSOCIATED WITH IMPORTING PRODUCTS.

A portion of our import operations are subject to tariffs imposed on imported products and quotas imposed by trade agreements. In addition, the countries in which our products are imported may from time to time impose additional new duties, tariffs or other restrictions on their respective imports or adversely modify existing restrictions. Adverse changes in these import costs and restrictions, or our suppliers' failure to comply with customs or similar laws, could harm our business. We cannot assure that future trade agreements will not provide our competitors with an advantage over us, or increase our costs, either of which could have an adverse effect on our business and financial condition.

Our operations are also subject to the effects of international trade agreements and regulations such as the North American Free Trade Agreement, and the activities and regulations of the World Trade Organization. Generally, these trade agreements benefit our business by reducing or eliminating the duties assessed on products or other materials manufactured in a particular country. However, trade agreements can also impose requirements that adversely affect our business, such as limiting the countries from which we can purchase raw materials and setting duties or restrictions on products that may be imported into the United States from a particular country.

Our ability to import raw materials in a timely and cost-effective manner may also be affected by problems at ports or issues that otherwise affect transportation and warehousing providers, such as labor disputes. These problems could require us to locate alternative ports or warehousing providers to avoid disruption to our customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on our business and financial condition.

OUR DEPENDENCE ON INDEPENDENT MANUFACTURERS AND SUPPLIERS OF RAW

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MATERIALS REDUCES OUR ABILITY TO CONTROL THE MANUFACTURING PROCESS, WHICH COULD HARM OUR SALES, REPUTATION AND OVERALL PROFITABILITY.

We depend on independent contract manufacturers and suppliers of raw materials to secure a sufficient supply of raw materials and maintain sufficient manufacturing and shipping capacity in an

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environment characterized by declining prices, labor shortages, continuing cost pressure and increased demands for product innovation and speed-to-market. This dependence could subject us to difficulty in obtaining timely delivery of products of acceptable quality. In addition, a contractor's failure to ship products to us in a timely manner or to meet the required quality standards could cause us to miss the delivery date requirements of our customers. The failure to make timely deliveries may cause our customers to cancel orders, refuse to accept deliveries, impose non-compliance charges through invoice deductions or other charge-backs, demand reduced prices or reduce future orders, any of which could harm our sales, reputation and overall profitability.

We do not have long-term contracts with any of our independent contractors and any of these contractors may unilaterally terminate their relationship with us at any time. While management believes that there exists an adequate supply of contractors to provide products and services to us, to the extent we are not able to secure or maintain relationships with independent contractors that are able to fulfill our requirements, our business would be harmed.

We have initiated standards for our suppliers, and monitor our independent contractors' compliance with applicable labor laws, but we do not control our contractors or their labor practices. The violation of federal, state or foreign labor laws by one of our contractors could result in us being subject to fines and our goods that are manufactured in violation of such laws being seized or their sale in interstate commerce being prohibited. To date, we have not been subject to any sanctions that, individually or in the aggregate, have had a material adverse effect on our business, and we are not aware of any facts on which any such sanctions could be based. There can be no assurance, however, that in the future we will not be subject to sanctions as a result of violations of applicable labor laws by our contractors, or that such sanctions will not have a material adverse effect on our business and results of operations.

WE MAY NOT BE ABLE TO ADEQUATELY PROTECT OUR INTELLECTUAL PROPERTY RIGHTS.

The loss of or inability to enforce our trademarks or any of our other proprietary or licensed designs, patents, know-how and trade secrets could adversely affect our business. If any third party copies or otherwise gains access to our trademarks or other proprietary rights, or develops similar products independently, it may be costly to enforce our rights and we would not be able to compete as effectively. Additionally, the laws of foreign countries may provide inadequate protection of intellectual property rights, making it difficult to enforce such rights in those countries.

We may need to bring legal claims to enforce or protect our intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources. In addition, notwithstanding the rights we have secured in our intellectual property, third parties may bring claims against us alleging that we have

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infringed on their intellectual property rights or that our intellectual property rights are not valid. Any claims against us, with or without merit, could be time consuming and costly to defend or litigate and therefore could have an adverse affect on our business.

THE LOSS OF PAUL GUEZ OR OUR LEAD DESIGNERS WOULD HAVE AN ADVERSE EFFECT ON OUR FUTURE DEVELOPMENT AND COULD SIGNIFICANTLY IMPAIR OUR ABILITY TO ACHIEVE OUR BUSINESS OBJECTIVES.

Our success is largely dependent upon the expertise and knowledge of our Chairman, Chief Executive Officer and President, Paul Guez, and our lead designers, and our ability to continue to hire and retain other key personnel. The loss of Mr. Guez, or any of our other key personnel, could have a material adverse effect on our business, development, financial condition, and operating results. We do not maintain "key person" life insurance on any of our management or key personnel, including Mr. Guez.

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### RISKS RELATED TO OUR INDUSTRY

OUR SALES ARE HEAVILY INFLUENCED BY GENERAL ECONOMIC CYCLES.

Apparel is a cyclical industry that is heavily dependent upon the overall level of consumer spending. Purchases of apparel and related goods tend to be highly correlated with cycles in the disposable income of our consumers. Our customers anticipate and respond to adverse changes in economic conditions and uncertainty by reducing inventories and canceling orders. As a result, any substantial deterioration in general economic conditions, increases in interest rates, acts of war, terrorist or political events that diminish consumer spending and confidence in any of the regions in which we compete, could reduce our sales and adversely affect our business and financial condition.

OUR BUSINESS IS HIGHLY COMPETITIVE AND DEPENDS ON CONSUMER SPENDING PATTERNS.

The apparel industry is highly competitive. We face a variety of competitive challenges including:

- anticipating and quickly responding to changing consumer demands;
- developing innovative, high-quality products in sizes and styles that appeal to consumers;
- competitively pricing our products and achieving customer perception of value; and
- the need to provide strong and effective marketing support.

WE MUST SUCCESSFULLY GAUGE FASHION TRENDS AND CHANGING CONSUMER PREFERENCES TO SUCCEED.

Our success is largely dependent upon our ability to gauge the fashion tastes of our customers and to provide merchandise that satisfies retail and customer demand in a timely manner. The apparel business fluctuates according to changes in consumer preferences dictated in part by fashion and season. To the extent we misjudge the market for our merchandise, our sales may be adversely affected. Our ability to anticipate and effectively respond to changing fashion

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trends depends in part on our ability to attract and retain key personnel in our design, merchandising and marketing staff. Competition for these personnel is intense, and we cannot be sure that we will be able to attract and retain a sufficient number of qualified personnel in future periods.

OUR BUSINESS MAY BE SUBJECT TO SEASONAL TRENDS.

In the experience of our management, operating results in the high end fashion denim industry have been subject to seasonal trends when measured on a quarterly basis. This trend is dependent on numerous factors, including:

- the markets in which we operate;
- holiday seasons;
- consumer demand;
- climate;
- economic conditions; and
- numerous other factors beyond our control.

OTHER RISKS RELATED TO US

OUR SALE OF SECURITIES IN ANY EQUITY OR DEBT FINANCING COULD RESULT IN DILUTION TO OUR SHAREHOLDERS AND HAVE A MATERIAL ADVERSE EFFECT ON OUR EARNINGS.

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Any sale of shares by us in future private placement or other offerings could result in dilution to our existing shareholders as a direct result of our issuance of additional shares of our capital stock. In addition, our business strategy may include expansion through internal growth, by acquiring complementary businesses, by acquiring or licensing additional brands, or by establishing strategic relationships with targeted customers and suppliers. In order to do so, or to fund our other activities, we may issue additional equity securities that could dilute our shareholders' stock ownership. We may also assume additional debt and incur impairment losses related to goodwill and other tangible assets if we acquire another company and this could negatively impact our results of operations.

INSIDERS OWN A SIGNIFICANT PORTION OF OUR COMMON STOCK, WHICH COULD LIMIT OUR SHAREHOLDERS' ABILITY TO INFLUENCE THE OUTCOME OF KEY TRANSACTIONS.

As of May 9, 2006, our Chief Executive Officer, Paul Guez, Chief Financial Officer, Patrick Chow, and the two members of our Antik design team, Messrs. Naouri and Caugant, owned approximately 82.3% of the outstanding shares of our common stock. Paul and Elizabeth Guez, Mr. Guez's wife and the Company's former Chief Operating Officer, alone owned approximately 72.0% of the outstanding shares of our common stock at May 9, 2006. Accordingly, our executive officers and key personnel have the ability to affect the outcome of, or exert considerable influence over, all matters requiring shareholder approval, including the election and removal of directors and any change in control. This concentration of ownership of our common stock could have the effect of delaying or preventing a change of control of us or otherwise discouraging or preventing a potential acquirer from attempting to obtain control of us. This, in turn, could have a negative effect on the market price of our common stock. It could also prevent our shareholders from realizing a

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premium over the market prices for their shares of common stock.

### OUR STOCK PRICE HAS BEEN VOLATILE.

Our common stock was recently listed on the NASDAQ Capital Market, however, there can be substantial volatility in the market price of our common stock. The market price of our common stock has been, and is likely to continue to be, subject to significant fluctuations due to a variety of factors, including quarterly variations in operating results, operating results which vary from the expectations of securities analysts and investors, changes in financial estimates, changes in market valuations of competitors, announcements by us or our competitors of a material nature, loss of one or more customers, additions or departures of key personnel, future sales of common stock and stock market price and volume fluctuations. In addition, general political and economic conditions such as a recession, or interest rate or currency rate fluctuations may adversely affect the market price of our common stock.

In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price of our common stock. Often, price fluctuations are unrelated to operating performance of the specific companies whose stock is affected. In the past, following periods of volatility in the market price of a company's stock, securities class action litigation has occurred against the issuing company. If we were subject to this type of litigation in the future, we could incur substantial costs and a diversion of our management's attention and resources, each of which could have a material adverse effect on our revenue and earnings. Any adverse determination in this type of litigation could also subject us to significant liabilities.

### ABSENCE OF DIVIDENDS COULD REDUCE OUR ATTRACTIVENESS TO INVESTORS.

Some investors favor companies that pay dividends, particularly in general downturns in the stock market. We have not declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings for funding growth, and we do not currently anticipate paying cash dividends on

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our common stock in the foreseeable future. Because we may not pay dividends, your return on this investment likely depends on your selling our stock at a profit.

### FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," contains "forward-looking statements" that include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new services; our statements concerning litigation or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management's goals and objectives; and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes" and "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements.

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Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause these differences include, but are not limited to:

- o our failure to implement our business plan within the time period we originally planned to accomplish; and
- o other factors discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

### USE OF PROCEEDS

We will not receive any proceeds from the sale of shares to be offered by the selling shareholders. The proceeds from the sale of each selling shareholder's common stock will belong to that selling shareholder.

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### PRINCIPAL AND SELLING SHAREHOLDERS

The following table presents information regarding the beneficial ownership of our common stock as of May 9, 2006 and as adjusted to reflect the sale of the common stock in this offering by:

- o each of the executive officers listed in the summary compensation table;
- o each of our directors;
- o all of our directors and executive officers as a group;
- o each shareholder known by us to be the beneficial owner of more than 5% of our common stock; and
- o each of the selling shareholders.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of our common stock subject to options from the company that are currently exercisable or exercisable within 60 days of May 9, 2006 are

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deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

The information presented in this table is based on 26,057,200 shares of our common stock outstanding on April 16, 2006. Unless otherwise indicated, the address of each of the executive officers and directors and 5% or more shareholders named below is c/o Blue Holdings, Inc., 5804 E. Slauson Ave., Commerce, California 90040.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED PRIOR TO OFFERING		NUMBER OF SHARES BEING OFFERED	NUMBER BENEFICIALLY OWNED AFTER OFFERING
	NUMBER	PERCENTAGE OF SHARES OUTSTANDING		
<b>EXECUTIVE OFFICERS AND DIRECTORS:</b>				
Paul Guez (1).....	18,763,647	72.0%	18,433,647	330,000
Patrick Chow (2).....	130,000	*	30,000	100,000
Kevin R. Keating (3).....	68,983	*	34,483	34,500
Marshall Geller (4).....	1,500	*	--	1,500
Gary Freeman (5).....	12,000	*	--	12,000
Robert G. Lynn (6).....	11,500	*	--	11,500
Irene Guez (7).....	67,000	*	--	67,000
Gregory Abbou (8).....	62,500	*	--	62,500
All 9 directors and executive officers as a group (9).....	19,117,130	73.0%	18,498,130	619,000

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NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED PRIOR TO OFFERING		NUMBER OF SHARES BEING OFFERED	NUMBER BENEFICIALLY OWNED AFTER OFFERING
	NUMBER	PERCENTAGE OF SHARES OUTSTANDING		
<b>5% SHAREHOLDERS:</b>				
Elizabeth Guez (10).....	18,763,647	72.0%	18,433,647	330,000
Meyer Abbou	1,284,741	4.9%	1,284,741	--
Philippe Naouri	1,194,741	4.6%	1,194,741	--
Alexandre Caugant	1,364,741	5.2%	1,364,741	--
<b>OTHER SELLING SHAREHOLDERS:</b>				
Keating Reverse Merger Fund, LLC (10) 5251 DTC Parkway, Suite 1090	665,020	2.6%	665,020	--



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Greenwood Village, Colorado 80111 Woodman Management Corporation (11) 3940 Laurel Canyon Boulevard, Suite 327 Studio City, California 91604	283,000	1.1%	283,000	--
Alan Kersh (12) c/o Savoy Capital Advisors Inc. 689 Fifth Avenue, 14th Floor New York, NY 10022	61,449	*	61,449	--
TOTAL:	23,970,822	91.5%	23,351,822	619,000

\* Less than 1%

(1) Consists of 16,576,147 shares of common stock beneficially held by Mr. Guez, and 2,187,500 shares of common stock beneficially held by Mr. Guez' spouse, Elizabeth Guez.

(2) Includes 100,000 shares of common stock that may be acquired from the Company within 60 days of May 9, 2006 upon the exercise of outstanding stock options.

(3) Includes 12,000 shares of common stock that may be acquired from us within 60 days of May 9, 2006 upon the exercise of outstanding stock options. Kevin R. Keating, a director of the company, is the father of the principal member of Keating Investments, LLC. Keating Investments, LLC is the managing member of KRM Fund, a selling shareholder. Keating Investments, LLC is also the managing member and 90% owner of Keating Securities, LLC, a registered broker-dealer. Kevin R. Keating is not affiliated with and has no equity interest in Keating Investments, LLC, KRM Fund or Keating Securities, LLC and disclaims any beneficial interest in the shares of our common stock owned by KRM Fund. Similarly, Keating Investments, LLC, KRM Fund and Keating Securities, LLC disclaim any beneficial interest in the shares of our common stock currently owned by Kevin R. Keating.

(4) Consists of 1,500 shares of common stock that may be acquired from us within 60 days of May 9, 2006 upon the exercise of outstanding stock options.

(5) Consists of 12,000 shares of common stock that may be acquired from the Company within 60 days of May 9, 2006 upon the exercise of outstanding stock options.

(6) Consists of 11,500 shares of common stock that may be acquired from the Company within 60 days of May 9, 2006 upon the exercise of outstanding stock options.

(7) Consists of 67,000 shares of common stock. Ms. Guez is the daughter of Paul Guez, our Chairman, Chief Executive Officer and President.

(8) Consists of 62,500 shares of common stock. Mr. Abbou is the husband of Irene Guez and the son-in-law of Paul Guez, our Chairman, Chief Executive Officer and President.

(9) Includes 137,000 shares of common stock that may be acquired from the

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Company within 60 days of May 9, 2006 upon the exercise of outstanding stock options.

- (10) Consists of 2,187,500 shares of common stock beneficially held by Ms. Guez, and 16,576,147 shares of common stock beneficially held by Ms. Guez' spouse, Paul Guez. Ms. Guez resigned from her position as Chief Operating Officer effective December 12, 2005.
- (11) Consists of 665,020 shares of common stock. Keating Investments, LLC is the managing member of this selling shareholder. Keating Investments, LLC is also the managing member and 90% owner of Keating Securities, LLC, a registered broker-dealer. Timothy Keating, the President and principal member of Keating Investments, LLC, exercises voting and investment authority over the shares held by this selling shareholder. Timothy Keating is the son of Kevin R. Keating, a director of the company. Kevin R. Keating is not affiliated with and has no equity interest in Keating Investments, LLC, KRM Fund or Keating Securities, LLC and disclaims any beneficial interest in the shares of our common stock owned by KRM Fund.
- (12) Consists of 283,000 shares of common stock. David Weiner exercises voting and investment authority over the shares held by this selling shareholder. Mr. Weiner resigned from our Board of Directors effective July 28, 2005.
- (13) Consists of 61,449 shares of common stock.

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### RELATED PARTY TRANSACTIONS

#### RELATIONSHIPS WITH SELLING SHAREHOLDERS

Other than the transactions described below, since September 13, 2004 (inception of Antik and Taverniti) there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or will be a party:

- o in which the amount involved exceeds \$60,000; and
- o in which any director, executive officer, other stockhol