

Dailley Anthony  
Form 4  
October 31, 2007

**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 \*  
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 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

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								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.**

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(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 <u>(3)</u>	10/31/2007	C	17,647	<u>(3)</u>	<u>(3)</u>	Common Stock	8,823
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## 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.