

BALLY TOTAL FITNESS HOLDING CORP

Form 4

July 06, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *

LIBERATION INVESTMENT
GROUP LLC

(Last) (First) (Middle)

330 MADISON AVENUE, 6TH
FLOOR

(Street)

NEW YORK, NY 10017

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading

Symbol

BALLY TOTAL FITNESS
HOLDING CORP [BFTH]

3. Date of Earliest Transaction

(Month/Day/Year)

07/05/2007

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)

__X__ 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 Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$0.01 per share	07/05/2007		S		412,570	D	0.5	4,206,880	I	See footnotes
					(3)		(4)			(1) (2)
							(5)			

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. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repor Trans (Instr
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
LIBERATION INVESTMENT GROUP LLC 330 MADISON AVENUE, 6TH FLOOR NEW YORK, NY 10017	X

Signatures

/s/ Emanuel R.
Pearlman (6) 07/06/2007

__Signature of Reporting Person Date

/s/ Emanuel R.
Pearlman (7) 07/06/2007

__Signature of Reporting Person Date

/s/ Emanuel R.
Pearlman (8) 07/06/2007

__Signature of Reporting Person Date

/s/ Emanuel R.
Pearlman 07/06/2007

__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)

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This is a joint filing by Liberation Investments, L.P. ("LILP"), Liberation Investments Ltd. ("LILtd"), Liberation Investment Group, LLC ("LIGLLC") and Emanuel R. Pearlman (collectively, the "Reporting Persons"). LIGLLC is the designated filer. LILP directly owns 2,710,042 shares of common stock and LILTD directly owns 1,461,838 shares of common stock. LIGLLC, as the sole general partner of LILP and the sole investment advisor to LILTD, may be deemed to beneficially own 4,171,880 shares of common stock. Mr. Pearlman directly owns 35,000 shares of common stock and, as the General Manager, Chairman and Chief Executive Officer of LIGLLC, may be deemed to beneficially own 4,206,880 shares of common stock. (continued in footnote 2)

(continued from footnote 1) The Reporting Persons are filing this joint Form 4 because they may be regarded as a group. However, each

- (2) Reporting Person disclaims beneficial ownership of the shares owned by the other Reporting Persons and disclaims membership in a group, and this filing shall not constitute an acknowledgement that the Reporting Persons constitute a group.
- (3) The Reporting Persons are reporting the sale of 412,570 shares of Common Stock by LILP and LILtd in a private sale.

Does not include (i) contingent post closing consideration in the form of a right to receive 10% of any return received by Harbinger or its affiliates on its investment in the Issuer in connection with a reorganization of the Issuer by Harbinger and sellers which

- (4) reorganization is actually consummated within 360 days of the sale described in this Form 4 (an "Acceptable Reorganization"), after certain expenses, in excess of the amount required to provide Harbinger with an annual internal rate of return of 20% on such investment, (Continue with footnote 5)

And (ii) a right to receive additional cash compensation based on the increase in value of the Common Stock of the Issuer from \$0.60 per share to the fair market value at the Measurement Date in respect of 4,171,880 shares of Common Stock or such other number of shares equivalent to the number of shares a 10% owner of the Issuer as of June 30, 2007 would be entitled to receive in an Acceptable

- (5) Reorganization (x) upon a disposition by Harbinger of equity securities of the Issuer as a result of which Harbinger will own less than 10% of the total common stock of the Issuer or (y) upon the second anniversary of the closing of an investment pursuant to an Acceptable Reorganization, each of (x) or (y), as applicable a "Measurement Date."

Remarks:

(6) Mr. Pearlman is signing in his capacity as General Manager, Chairman and Chief Executive Officer of LIGLLC, the sole g

(7) Mr. Pearlman is signing in his capacity as General Manager, Chairman and Chief Executive Officer of LIGLLC, the sole in

(8) Mr. Pearlman is signing in his capacity as General Manager, Chairman and Chief Executive Officer of LIGLLC.

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.