
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)

December 31, 2007

PACIFIC ETHANOL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

000-21467

(Commission File Number)

41-2170618

(IRS Employer
Identification No.)

400 Capitol Mall, Suite 2060, Sacramento, CA

(Address of principal executive offices)

95814

(Zip Code)

Registrant's telephone number, including area code:

(916) 403-2123

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.02. Unregistered Sales of Equity Securities.

Effective December 31, 2007, Pacific Ethanol, Inc. (the "Company") issued to Cascade Investment, L.L.C. an aggregate of 65,625 shares of Series A Cumulative Redeemable Convertible Preferred Stock ("Series A Preferred Stock") in satisfaction of the Company's dividend obligations in respect of its outstanding shares of Series A Preferred Stock for the quarterly period ended December 31, 2007. The Company's quarterly dividend obligation was payable in cash in the amount of \$1,050,000 or, at the option of the Company, in shares of Series A Preferred Stock based on a price of \$16.00 per share. Each share of Series A Preferred Stock is initially convertible into two shares of common stock, \$.001 par value per share, of the Company.

Exemption from the registration provisions of the Securities Act of 1933 for the transaction described above is claimed under Section 4(2) of the Securities Act of 1933, among others, on the basis that such transaction did not involve a public offering and Cascade Investment, L.L.C. was an accredited investor and had access to the kind of information that registration would provide. The securities were issued with a restricted securities legend.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 3, 2008

PACIFIC ETHANOL, INC.

By: /S/ CHRISTOPHER W.
WRIGHT

Christopher W. Wright
Vice President, General Counsel & Secretary