

OMB APPROVAL	
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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

1. Name and Address of Reporting Person* <u>AMERICAN INTERNATIONAL GROUP INC</u>  (Last) (First) (Middle) <u>70 PINE STREET</u>  (Street) <u>NEW YORK NY 10270</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>NovaRay Medical, Inc. [ NO TICKER ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) <input type="checkbox"/> Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>01/16/2008</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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 \$0.0001	01/16/2008		S		1,101,000	D	\$0.65	0	I	Indirectly held by subsidiaries <sup>(1)</sup>

**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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Series A Convertible Preferred Stock, par value \$0.0001	\$0	01/16/2008		S			442,944	(2)	12/27/2012 <sup>(2)</sup>	Common Stock	442,944	\$0.65	0	I	Indirectly held by subsidiaries <sup>(1)</sup>
Series A Warrants (exercisable for Common Stock)	\$4.25	01/16/2008		S			147,647	12/27/2012 <sup>(2)</sup>	12/27/2012 <sup>(2)</sup>	Common Stock	147,647	\$0.0001	0	I	Indirectly held by subsidiaries <sup>(1)</sup>

**Explanation of Responses:**

- The interests are held by AIU Insurance Company and Commerce and Industry Insurance Company both of which are wholly-owned subsidiaries of American International Group, Inc. ("AIG"), as well as by certain sponsored private Equity funds for which AIG Global Investment Corp. ("AIGGIC") is the investment advisor or managing member. AIGGIC is a wholly-owned subsidiary of AIG.
- Series A Convertible Preferred Stock may not be converted into Common Stock and Series A Warrants may not be exercised within sixty (60) days if such conversion or exercise would result in any holders of Series A Convertible Preferred Stock or Series A Warrants owning more than 4.99% of the issuer's Common Stock.

Hans Danielsson

01/18/2008

\*\* Signature of Reporting Person

Date

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

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.