

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2006-08-03** | Period of Report: **2006-08-01**

SEC Accession No. **0001352027-06-00022**

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ISSUER

AAMES INVESTMENT CORP

CIK: **1282552** | IRS No.: **341981408** | State of Incorporation: **MD** | Fiscal Year End: **1231**
SIC: **6798** Real estate investment trusts

Mailing Address

*350 SOUTH GRAND AVENUE
43RD FL
LOS ANGELES CA 90071*

Business Address

*350 SOUTH GRAND AVENUE
43RD FL
LOS ANGELES CA 90071
323-210-5000*

REPORTING OWNER

Fullen Harry James

CIK: **1352558**
Type: **4** | Act: **34** | File No.: **001-32340** | Film No.: **061001274**

Mailing Address

*AAMES INVESTMENT
CORPORATION
350 S. GRAND AVE, 43RD
FLOOR
LOS ANGELES CA 90071*

Business Address

3232105000

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 Expires: 02/28/2011
 Estimated average burden
 hours per response 0.5

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

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

1. Name and Address of Reporting Person Fullen Harry James			2. Issuer Name and Ticker or Trading Symbol AAMES INVESTMENT CORP [AIC]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Executive Vice President		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 08/01/2006					
AAMES INVESTMENT CORPORATION, 350 S. GRAND AVE, 43RD FLOOR			4. If Amendment, Date 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		
(Street) LOS ANGELES, CA 90071								
(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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value \$.01 per share	08/01/2006		F		2,176	D	\$4.76	7,241 ⁽¹⁾	D	

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 of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

Explanation of Responses:

1. On August 1, 2006, Mr. Fullen exercised his tax withholding right with respect to the distribution of 5,727 restricted stock units, resulting in a net distribution to him of 3,551 shares of common stock. Following such transaction, Mr. Fullen held 20,000 restricted stock units and 7,241 shares of common stock. In addition to those restricted stock units and common stock, Mr. Fullen held 30,512 shares of restricted common stock.

Signatures

/s/ H. James Fullen

** Signature of Reporting Person

08/03/2006

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.