

NUTRACEA
Form SC 13G
October 17, 2006
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 13G

(Rule 13d-102)

INFORMATION TO BE INCLUDED IN THE STATEMENTS FILED PURSUANT TO RULES 13d-1(b), (c), AND (d) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(b)

(Amendment No. ___)*

NutraCea

(Name of Issuer)

Common Stock, no par value per share

(Title of Class of Securities)

67060N204

(CUSIP Number)

October 14, 2006

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13G

CUSIP NO. 67060N204

Page 2 of 6

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only)

1

The Pinnacle Fund, L.P., a Texas limited partnership

75-2512784

2

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) o
(b) X

3

SEC USE ONLY

4

CITIZENSHIP OR PLACE OF ORGANIZATION

Texas
NUMBER OF

SOLE VOTING POWER

5

SHARES

7,842,000 shares of Common Stock
SHARED VOTING POWER

6

BENEFICIALLY

0
SOLE DISPOSITIVE POWER

OWNED BY EACH

7

7,842,000 shares of Common Stock
SHARED DISPOSITIVE POWER

REPORTING

8

0

PERSON WITH

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

7,842,000 shares of Common Stock

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

X

Edgar Filing: NUTRACEA - Form SC 13G

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

9.9% (See Item 4)

TYPE OF REPORTING PERSON

12

PN

SCHEDULE 13G

CUSIP NO. 67060N204

Page 3 of 6

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (Entities Only)

1

Barry M. Kitt

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) (b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF

SOLE VOTING POWER

5

SHARES

7,842,000 shares of Common Stock
SHARED VOTING POWER

6

BENEFICIALLY

0
SOLE DISPOSITIVE POWER

OWNED BY EACH

7

7,842,000 shares of Common Stock
SHARED DISPOSITIVE POWER

REPORTING

8

0

PERSON WITH

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

7,842,000 shares of Common Stock

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

9.9% (See Item 4)
TYPE OF REPORTING PERSON

12

IN

SCHEDULE 13G

CUSIP NO. 67060N204

Page 4 of 6

Item 1(a). Name of Issuer:

NutraCea (the Issuer)

Item 1(b). Address of Issuer's Principal Executive Offices:

1261 Hawk s Flight Court

El Dorado Hills, CA 95762

Items 2(a),

**(b) and (c). Name of Persons Filing, Address of Principal Business Office and
Citizenship:**

This Schedule 13G is being filed on behalf of The Pinnacle Fund, L.P. and Barry M. Kitt, as joint filers (collectively, the Reporting Persons).

The Reporting Persons have entered into a Joint Filing Agreement, a copy of which is filed with this Schedule 13G as Exhibit 1, pursuant to which the Reporting Persons have agreed to file this Schedule 13G jointly in accordance with the provisions of Rule 13d-1(k) of the Securities Exchange Act of 1934, as amended.

The principal business office of the Reporting Persons is 4965 Preston Park Blvd., Suite 240, Plano, TX 75093. For citizenship, see Item 4 of each cover page.

Item 2(d). Title of Class of Securities:

Common Stock, no par value per share (the Common Stock)

Item 2(e). CUSIP Number:

67060N204

Item 3. Not applicable

Item 4. Ownership.

(a) Amount beneficially owned:

7,842,000 shares of Common Stock*

(b) Percent of class:

Based on 73,824,801 shares of Common Stock of the Issuer outstanding as of June 30, 2006, as indicated in the Issuer's Form 10-QSB for the period ended June 30, 2006, and 5,042,000 shares of Common Stock issuable upon the conversion of preferred stock and the exercise of certain warrants held by the Reporting Persons, the Reporting Persons hold approximately 9.9%* of the Common Stock of the Issuer.

SCHEDULE 13G

CUSIP NO. 67060N204

Page 5 of 6

- (c) Number of shares to which such person has:
- (i) Sole power to vote or direct the vote: 7,842,000 shares of Common Stock*
 - (ii) Shared power to vote or direct the vote: 0
 - (iii) Sole power to dispose or to direct the disposition of: 7,842,000 shares of Common Stock*
 - (iv) Shared power to dispose of or direct the disposition of: 0

*This statement is filed on behalf of The Pinnacle Fund, L.P. (Pinnacle) and Barry M. Kitt. Pinnacle Advisers, L.P. (Advisers) is the general partner of Pinnacle. Pinnacle Fund Management, LLC (Management) is the general partner of Advisers. Mr. Kitt is the sole member of Management. As of October 17, 2006, Pinnacle was the beneficial owner of 7,842,000 shares of Common Stock. Mr. Kitt may be deemed to be the beneficial owner of the shares of Common Stock beneficially owned by Pinnacle. Mr. Kitt expressly disclaims beneficial ownership of all shares of Common Stock beneficially owned by Pinnacle. The shares of Common Stock reported in this Schedule 13G do not include certain shares of Common Stock issuable upon the conversion of preferred stock and the exercise of warrants held by the Reporting Persons. Such preferred stock and warrants held by the Reporting Persons are subject to conversion and exercise caps that preclude the holder thereof from utilizing its conversion or exercise rights to the extent that it would beneficially own (determined in accordance with Section 13(d) of the Act) in excess of 9.99% of the Common Stock, giving effect to such conversion or exercise.

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported By the Parent Holding Company.

Not applicable

Item 8. Identification and Classification of Members of the Group.

Not applicable

Item 9. Notice of Dissolution of a Group.

Not applicable

SCHEDULE 13G

CUSIP NO. 67060N204

Page 6 of 6

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SCHEDULE 13G

CUSIP NO. 67060N204

Page 7 of 6

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: October 17, 2006

THE PINNACLE FUND, L.P.

By: Pinnacle Advisers, L.P., its general partner
By: Pinnacle Fund Management, LLC, its general partner

By: /s/ Barry M. Kitt

Barry M. Kitt, its manager

/s/ Barry M. Kitt

Barry M. Kitt

Edgar Filing: NUTRACEA - Form SC 13G

SCHEDULE 13G

CUSIP NO. 67060N204

Exhibit 1

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, the undersigned agree to the joint filing on behalf of each of them of a statement on Schedule 13G (including amendments thereto) with respect to 7,842,000 shares of Common Stock of NutraCea and further agree that this Joint Filing Agreement shall be included as an exhibit to such joint filings.

The undersigned further agree that each party hereto is responsible for the timely filing of such Schedule 13G and any amendments thereto, and for the completeness and accuracy of the information concerning such party contained therein; provided, however, that no party is responsible for the completeness or accuracy of the information concerning any other party making the filing, unless such party knows or has reason to believe that such information is inaccurate.

IN WITNESS WHEREOF, the parties have executed this Joint Filing Agreement on October 17, 2006.

THE PINNACLE FUND, L.P.

By: Pinnacle Advisers, L.P., its general partner
By: Pinnacle Fund Management, LLC, its general partner

By: /s/ Barry M. Kitt

Barry M. Kitt, its manager

/s/ Barry M. Kitt

Barry M. Kitt