

CHADWICK ROBERT E  
Form 4  
December 28, 2006

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
CHADWICK ROBERT E

2. Issuer Name and Ticker or Trading Symbol  
Flaherty & Crumrine PREFERRED INCOME OPPORTUNITY FUND INC [PFO]

5. Relationship of Reporting Person(s) to Issuer  
(Check all applicable)  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Vice President, CFO

(Last) (First) (Middle)  
301 E COLORADO BLVD STE 720  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
12/26/2006

PASADENA, CA 91101

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock                    | 12/26/2006                           |  | J <sup>(1)</sup>               | V Amount (A) or (D) Price<br>8,603 A \$ 12.3                      | 8,603 <sup>(2)</sup>  | I  | Please see footnote 1             |

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

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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| 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. Number of Derivative Securities Owned Following Transaction (Instr. 6) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                     |       |
|--|---------------|-----------|---------------------|-------|
|  | Director      | 10% Owner | Officer             | Other |
| CHADWICK ROBERT E<br>301 E COLORADO BLVD STE 720<br>PASADENA, CA 91101 |               |           | Vice President, CFO |       |

## Signatures

R. Eric  
Chadwick  
12/27/2006

\*\*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) Mr. Chadwick is a 10% shareholder of Flaherty & Crumrine Incorporated, the direct beneficial owner of these shares. On December 26, 2006, the Board of Directors of Flaherty & Crumrine determined that Mr. Chadwick, as a director, would share investment control of these shares with the other directors of the corporation. Consequently, Mr. Chadwick is now reporting his pecuniary interest in these shares because he is no longer entitled to rely on Rule 16a-1(2)(iii) under the Exchange Act.
- (2) Mr. Chadwick directly holds an additional 2,821 shares of the Fund.

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.