

NETWORK 1 SECURITY SOLUTIONS INC

Form 4

December 22, 2006

FORM 4UNITED 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 *
KAHN DAVID C2. Issuer Name and Ticker or Trading Symbol
NETWORK 1 SECURITY SOLUTIONS INC [NSSI.OB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
380 HEMPSTEAD AVE
(Street)3. Date of Earliest Transaction
(Month/Day/Year)
12/20/2006☐ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)
Chief Financial Officer

WEST HEMPSTEAD, NY 11552

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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

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

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(9-02)**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)							
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Option to Purchase Common Stock	\$ 1.5	12/20/2006	A ⁽¹⁾		75,000		⁽¹⁾	12/20/2011	Common Stock	75,000	

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
KAHN DAVID C 380 HEMPSTEAD AVE WEST HEMPSTEAD, NY 11552	Chief Financial Officer

Signatures

By: /s/ David C. Kahn
12/22/2006

 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) The Option was issued pursuant to an agreement, dated December 20, 2006, between the Issuer and the Reporting Person, pursuant to which the Reporting Person agreed to continue to serve as Chief Financial Officer of the Issuer. The shares underlying the Option vested on the date of grant (12/20/06) with regards to 30,000 shares and the balance of 45,000 shares shall vest in equal amounts of 5,625 shares on a quarterly basis beginning March 31, 2007 through December 31, 2008.

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

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