Rallo James M Form 4 February 28, 2007

FORM 4

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

OMB 3235-0287 Number:

OMB APPROVAL

Expires:

January 31, 2005

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response... 0.5

Section 16. Form 4 or Form 5 obligations may continue.

See Instruction

Check this box

if no longer

subject to

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(b).

1. Name and Address of Reporting Person * Rallo James M

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

LIQUIDITY SERVICES INC

(Check all applicable)

CFO, Treasurer

[LQDT]

02/26/2007

(Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year)

Director 10% Owner X_ Officer (give title Other (specify below)

C/O LIQUIDITY SERVICES, INC., 1920 L STREET, N.W., 6TH **FLOOR**

(Street)

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

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

WASHINGTON, DC 20036

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of	2. Transaction Date	2A. Deemed	3.	4. Securiti	ies Acc	quired	5. Amount of	6.	7. Nature of
Security	(Month/Day/Year)	Execution Date, if	Transactio	n(A) or Dis	posed	of (D)	Securities	Ownership	Indirect
(Instr. 3)		any	Code	(Instr. 3, 4	and 5	()	Beneficially	Form: Direct	Beneficial
		(Month/Day/Year)	(Instr. 8)				Owned	(D) or	Ownership
							Following	Indirect (I)	(Instr. 4)
					(4)		Reported	(Instr. 4)	
					(A)		Transaction(s)		
			Code V	Amount	or (D)	Price	(Instr. 3 and 4)		
~			Code v	Amount	(D)				
Common	02/26/2007		S(1)	45,000	D	\$	5,000	D	
Stock	02/20/2007		<u> </u>	13,000		19.08	3,000	_	

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

Edgar Filing: Rallo James M - Form 4

8. Pr Deriv Secu (Inst

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. Transacti Code (Instr. 8)	5. orNumber of Derivativ Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	3	Date	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option	\$ 7					(2)	10/28/2015	Common Stock	67,500
Employee Stock Option	\$ 2					(3)	02/24/2015	Common Stock	72,917
Employee Stock Option	\$ 12.89					<u>(4)</u>	03/30/2016	Common Stock	30,000

Reporting Owners

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Other			
D-11- I M							

Rallo James M C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR WASHINGTON, DC 20036

CFO, Treasurer

Signatures

/s/ James E. Williams, by power of attorney 02/28/2007

**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 transaction reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on December 12, 2006.

On October 28, 2005, the reporting person was granted an option to purchase 75,000 shares of common stock. On February 28, 2006, the option vested as to 10% (7,500 shares) upon the completion of the Company's initial public offering; the remaining 90% (67,500 shares) shall vest upon the delivery by the Company's independent accountants of an unqualified opinion on management's assessment of the Company's internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

(3)

Reporting Owners 2

Edgar Filing: Rallo James M - Form 4

The option vested as to 25% on February 25, 2005 and has vested, and will continue to vest, at 2.083% per month thereafter on the 25th of each month for the 36 months following the month of grant.

(4) One-quarter of the options vest on March 30, 2007, with the remaining options vesting in monthly installments through March 30, 2010. 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.