DePalma James Form 4 August 31, 2006

FORM 4

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

Check this box if no longer

subject to Section 16. Form 4 or

Form 5 obligations may continue. See Instruction 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(b).

1. Name and Address of Reporting Person *

DePalma James

(Last) (First) (Middle)

C/O L-1 INVESTMENT PARTNERS LLC, 177 BROAD STREET

(Street)

(State)

STAMFORD, CT 06901

2. Issuer Name and Ticker or Trading

Symbol

L-1 IDENTITY SOLUTIONS, INC. [ID.N]

(Month/Day/Year)

Filed(Month/Day/Year)

3. Date of Earliest Transaction

08/29/2006

4. If Amendment, Date Original

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

OMB

Number:

Expires:

response...

Estimated average

burden hours per

OMB APPROVAL

3235-0287

January 31,

2005

0.5

Director X__ 10% Owner Other (specify X_ Officer (give title

below) EVP, CFO and Treasurer

6. Individual or Joint/Group Filing(Check

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

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

1.Title of Security (Instr. 3)

(City)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if (Month/Day/Year)

(Zip)

3. Code (Instr. 8)

4. Securities TransactionAcquired (A) or Disposed of (D) (Instr. 3, 4 and 5)

(A)

5. Amount of Securities Beneficially Owned Following Reported

Ownership Form: Direct (D) or Indirect (I) (Instr. 4)

7. Nature of Indirect Beneficial Ownership (Instr. 4)

Transaction(s) (Instr. 3 and 4) Code V Amount (D) Price

3,944 $D^{(1)}$

Common

Stock

Common

Stock

7,619,047 I (2)

> partnership of which Mr. DePalma is a managing member of the general partner

By limited

thereof.

SEC 1474

(9-02)

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

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 control number.

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)	Transaction Code (Instr. 8)	5. Number of orDerivative 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 (Underlying Securities (Instr. 3 and 4)	
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amour Numbe Shares
Stock Option (right to buy)	\$ 14.55	08/29/2006		A	180,000		(3)	(3)	Common Stock	180,
Warrant (right to buy)	\$ 13.75	12/16/2005		J <u>(4)</u>	1,280,000 (4)		12/16/2005	12/16/2008	Common Stock	1,280
Warrant (right to	\$ 13.75	12/16/2005		J <u>(4)</u>	280,000 (4)		12/16/2005	12/16/2008	Common Stock	280,

Reporting Owners

buy)

Reporting Owner Name / Address

Relationships

Reporting Owners 2

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Director 10% Owner Officer Other

DePalma James C/O L-1 INVESTMENT PARTNERS LLC 177 BROAD STREET STAMFORD, CT 06901

X EVP, CFO and Treasurer

Signatures

/s/ James A.
DePalma
08/31/2006

**Signature of Date
Reporting Person

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) As previously reported by the Reporting Person on Form 4 dated December 23, 2005, the Reporting Person is the beneficial owner of 3,944 shares of Common Stock.
- As previously reported by the Reporting Person on Form 3 dated December 23, 2005, the Reporting Person may be deemed the beneficial owner of 7,619,047 shares of Common Stock held by a limited partnership of which the Reporting Person is a managing member of the general partner thereof. The Reporting Person expressly disclaims beneficial ownership with respect to such shares.
- (3) On August 29, 2006, the Reporting Person was granted options to purchase 180,000 shares of Common Stock, which options vest in equal annual installments for four years from the grant date, and will be exercisable for ten years from the grant date.
- As previously reported by the Reporting Person on Form 3 dated December 23, 2005, the Reporting Person may be deemed the beneficial owner of shares of Common Stock issuable upon exercise of warrants held by a limited partnership of which the Reporting Person is a managing member of the general partner thereof. The Reporting Person expressly disclaims beneficial ownership with respect to such shares.

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.

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