

DePalma James  
Form 4  
August 31, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
DePalma James

2. Issuer Name and Ticker or Trading Symbol  
L-1 IDENTITY SOLUTIONS, INC.  
[ID.N]

5. Relationship of Reporting Person(s) to Issuer  
(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
08/29/2006

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_X\_\_\_ Officer (give title below) \_\_\_ Other (specify below)  
EVP, CFO and Treasurer

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

(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 Person

STAMFORD, CT 06901

(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 Indirect Ownership (Instr. 4)
Common Stock				(A) or (D) Price	3,944	D <sup>(1)</sup>	
Common Stock				(A) or (D) Price	7,619,047	I <sup>(2)</sup>	By limited partnership of which Mr. DePalma is a managing member of the general partner

thereof.

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.**

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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 (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)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount Number of Shares
Stock Option (right to buy)	\$ 14.55	08/29/2006		A		180,000		<u>(3)</u>	<u>(3)</u>	Common Stock	180,
Warrant (right to buy)	\$ 13.75	12/16/2005		<u>J</u> <sup>(4)</sup>		1,280,000		12/16/2005	12/16/2008	Common Stock	1,280,
Warrant (right to buy)	\$ 13.75	12/16/2005		<u>J</u> <sup>(4)</sup>		280,000		12/16/2005	12/16/2008	Common Stock	280,

## Reporting Owners

Reporting Owner Name / Address

Relationships

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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 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) 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.
- (2) 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.
- (4) 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.