

VASSALLUZZO SCOTT J

Form 4

October 13, 2004

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 *
SMITH THOMAS W

(Last) (First) (Middle)

323 RAILROAD AVENUE

(Street)

GREENWICH, CT 06830

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

MEMBERWORKS INC [MBRS]

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

10/11/2004

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

Member of Section 13(d) Group

6. Individual or Joint/Group Filing(Check Applicable Line)

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

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 Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | 10/11/2004 | | J ⁽¹⁾ | 1,898 D | \$ 0 ⁽¹⁾ 41,770 ⁽²⁾ | I ⁽²⁾ | By Prescott International Partners ⁽²⁾ |
| Common Stock | 10/11/2004 | | J ⁽³⁾ | 20,063 D | \$ 0 ⁽³⁾ 568,389 ⁽⁴⁾ | I ⁽⁴⁾ | By Idoya Partners. ⁽⁴⁾ |

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

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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) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Beneficially (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------------------------------|
| | Director | 10% Owner | Officer | Other |
| SMITH THOMAS W 323 RAILROAD AVENUE GREENWICH, CT 06830 | | X | | Member of Section 13(d) Group |
| IDOYA PARTNERS 323 RAILROAD AVENUE GREENWICH, CT 06830 | | X | | Member of Section 13(d) Group |
| PRESCOTT INTERNATIONAL PARTNERS 323 RAILROAD AVENUE GREENWICH, CT 06830 | | X | | Member Section 13(d) Group |
| VASSALLUZZO SCOTT J 323 RAILROAD AVENUE GREENWICH, CT 06830 | | X | | Member of Section 13(d) Group |

Signatures

/s/ Thomas W. Smith and Scott J. Vassalluzzo, individually and as general partners of Idoya Partners and Prescott International Partners

10/13/2004

__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) Represents a partnership distribution by Prescott International Partners, without consideration, in accordance with the terms of its limited partnership agreement.
 - (2) These shares are owned directly by Prescott International Partners ("PIP"), a private investment limited partnership, and indirectly by Thomas W. Smith and Scott J. Vassalluzzo as general partners of PIP. Messrs. Smith and Vassalluzzo disclaim beneficial ownership of these shares in excess of their respective pecuniary interest in such shares under Rule 16a-1(a)(2)(ii)(B). The address for PIP is 323

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Railroad Avenue, Greenwich, CT 06830

- (3) Represents a partnership distribution by Idoya Partners, without consideration, in accordance with the terms of its limited partnership agreement.

These shares are owned directly by Idoya Partners ("Idoya"), a private investment limited partnership, and indirectly by Thomas W.

- (4) Smith and Scott J. Vassalluzzo as general partners of Idoya. Messrs. Smith and Vassalluzzo disclaim beneficial ownership of these shares in excess of their respective pecuniary interest in such shares under Rule 16a-1(a)(2)(ii)(B). The address for Idoya is 323 Railroad Avenue, Greenwich, CT 06830

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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