

NETWORK 1 SECURITY SOLUTIONS INC
 Form 5
 February 13, 2006

FORM 5

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).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
HOROWITZ COREY M

(Last) (First) (Middle)

C/O CMH CAPITAL MANAGEMENT CORP., 445 PARK AVENUE, SUITE 445

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
NETWORK 1 SECURITY SOLUTIONS INC [NSSI.OB]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
CEO and Chairman

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person
 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 at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|
| Common Stock, \$0.01 par value per share | 12/30/2005 | ^ | G | 45,000 D | \$ (1) 418,803 | D (1) | ^ |
| Common Stock, | 12/30/2005 | ^ | G | 15,000 A | \$ (1) 30,000 | I | By Custodian |

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| | | | | | | | | | | |
|-----------------------------------------|------------|---|---|--------|---|-------------------|-----------|---|--|---------------------------------------|
| \$.01 par value per share | | | | | | | | | | For Child ⁽¹⁾ |
| Common Stock, \$.01 par value per share | 12/30/2005 | Â | G | 15,000 | D | \$ ⁽¹⁾ | 30,000 | I | | By Trust ⁽¹⁾ |
| Common Stock, \$.01 par value per share | 12/30/2005 | Â | G | 15,000 | A | \$ ⁽¹⁾ | 30,000 | I | | By Trust ⁽¹⁾ |
| Common Stock, \$.01 par value per share | Â | Â | Â | Â | Â | Â | 2,867,800 | I | | By Corporation |
| Common Stock, \$.01 par value per share | Â | Â | Â | Â | Â | Â | 67,471 | I | | By Spouse |
| Common Stock, \$.01 par value per share | Â | Â | Â | Â | Â | Â | 2,291 | I | | By General Partnership ⁽²⁾ |

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. of D Se Bo O Er Is Fi (I |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------|-----------------------------|
| | | | | | (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|----------------------------------------------------------------------------------------------------------|---------------|-----------|------------------|-------|
| | Director | 10% Owner | Officer | Other |
| HOROWITZ COREY M C/O CMH CAPITAL MANAGEMENT CORP. 445 PARK AVENUE, SUITE 445 NEW YORK, NY 10022 | X | X | CEO and Chairman | |

Signatures

By: /s/ Corey M.
Horowitz

02/10/2006

**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) On December 30, 2005, Mr. Horowitz transferred by gift an aggregate of 45,000 shares to two trusts and a custodian account for the benefit of his three children.
 - (2) The shares of Common Stock of the Issuer are held by Horowitz Partners, a general partnership of which Mr. Horowitz is a partner. Mr. Horowitz disclaims beneficial ownership of the shares held by Horowitz Partners except to the extent of his pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.