

DIGITAL ALLY INC  
 Form 4  
 January 04, 2008

**FORM 4**

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

OMB APPROVAL

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**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 \*  
 Kaplan Elliot M

(Last) (First) (Middle)

7311 WEST 130TH STREET, SUITE 170

(Street)

OVERLAND PARK, KS 66213

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 DIGITAL ALLY INC [DGLY]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 01/02/2008

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)

6. Individual or Joint/Group Filing(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 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) |
|-------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|
|                                           |                                      |                                                    | Code                           | V                                                                 | Amount                                                                                        | (A) or (D)                                               | Price                                      |
| Common Stock, par value \$0.001 per share | 01/02/2008                           |                                                    | M                              |                                                                   | 150,000                                                                                       | A                                                        | \$ 150,000                                 |
|                                           |                                      |                                                    |                                |                                                                   | 160,000                                                                                       | D                                                        |                                            |

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

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SEC 1474 (9-02)

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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 Security (Instr. 3 and 4) |                  |                 |              |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|------------------|-----------------|--------------|
|                                            |                                                        |                                      |                                                    | Code                           | V                                                                                       | (A)                                                      | (D)                                                         | Date Exercisable | Expiration Date | Title        |
| Stock Option (Right to Buy)                | \$ 1                                                   | 01/02/2008                           |                                                    | M                              |                                                                                         | 150,000                                                  |                                                             | <u>(1)</u>       | 09/21/2015      | Common Stock |
| Stock Option (Right to Buy)                | \$ 6.8                                                 | 01/02/2008                           |                                                    | A                              |                                                                                         | 50,000                                                   |                                                             | <u>(1)</u>       | 01/02/2018      | Common Stock |

## Reporting Owners

| Reporting Owner Name / Address                                                    | Relationships |           |         |       |
|-----------------------------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                                                   | Director      | 10% Owner | Officer | Other |
| Kaplan Elliot M<br>7311 WEST 130TH STREET<br>SUITE 170<br>OVERLAND PARK, KS 66213 |               | X         |         |       |

## Signatures

/s/ Elliot M.  
Kaplan

01/04/2008

\*\*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) These options to purchase shares of Common Stock were granted to the Reporting Person under the Digital Ally, Inc. 2008 Stock Option and Restricted Stock Plan on January 2, 2008 for his service as a member of the Board of Directors, subject to approval of such Plan by the stockholders at the next annual meeting of stockholders. The options will vest 5,000 on January 2, 2009; 10,000 on January 2, 2010; 15,000 on January 2, 2011; and 20,000 on January 2, 2012.

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.