

NETWORK 1 SECURITY SOLUTIONS INC

Form 4

August 08, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287

Expires: January 31, 2005

Estimated average burden hours per response... 0.5

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 *
Hound Partners, LLC

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
101 PARK AVENUE, 48TH FLOOR
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/31/2008

____ Director
____ Officer (give title below)
__X__ 10% Owner
____ Other (specify below)

NEW YORK, NY 10178

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

6. Individual or Joint/Group Filing(Check Applicable Line)
____ Form filed by One Reporting Person
__X__ Form filed by More than One Reporting Person

(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 Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock \$.01 par value per share	02/01/2008	02/06/2008	P		29,916	A	\$ 1.34	1,114,766	I	By Hound Partners Offshore Fund, LP ⁽¹⁾
Common Stock \$.01 par value per share	04/01/2008	04/04/2008	S ⁽²⁾		24,602	D	\$ 1.16	1,057,215	I	By Hound Partners, LP ⁽³⁾
Common Stock \$.01	04/01/2008	04/04/2008	P ⁽²⁾		24,602	A	\$ 1.16	1,139,368	I	By Hound Partners

par value
per shareOffshore
Fund, LP
(1)

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

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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 Security (Instr. 3 and 4)
					V	(A)	(D)	Date Exercisable	Expiration Date	
Common Stock Warrant (Right to Buy)	\$ 2	01/31/2008	02/05/2008	S ⁽²⁾		7,367		04/16/2007 ⁽⁴⁾	04/16/2012	Common Stock
Common Stock Warrant (Right to Buy)	\$ 2	01/31/2008	02/05/2008	P ⁽²⁾		7,367		04/16/2007 ⁽⁴⁾	04/16/2012	Common Stock
Common Stock Warrant (Right to Buy)	\$ 2	04/01/2008	04/04/2008	S ⁽²⁾		12,133		04/16/2007 ⁽⁴⁾	04/16/2012	Common Stock
Common Stock Warrant (Right to Buy)	\$ 2	04/01/2008	04/04/2008	P ⁽²⁾		12,133		04/16/2007 ⁽⁴⁾	04/16/2012	Common Stock
Common Stock Warrant (Right to Buy)	\$ 2	06/02/2008	06/05/2008	S ⁽²⁾		36,509		04/16/2007 ⁽⁴⁾	04/16/2012	Common Stock

Buy)

Common

Stock

Warrant	\$ 2	06/02/2008	06/05/2008	P ⁽²⁾	36,509	04/16/2007 ⁽⁴⁾	04/16/2012	Common Stock
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(Right to
Buy)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hound Partners, LLC 101 PARK AVENUE 48TH FLOOR NEW YORK, NY 10178			X	
Hound Performance, LLC 101 PARK AVENUE 48TH FLOOR NEW YORK, NY 10178			X	
AUERBACH JONATHAN A G 215 E 73RD STREET NEW YORK, NY 10021			X	

Signatures

Hound Partners, LLC, By: /s/ Jonathan Auerbach, Managing Member	08/08/2008
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**Signature of Reporting Person

Date

Hound Performance, LLC, By: /s/ Jonathan Auerbach, Managing Member	08/08/2008
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**Signature of Reporting Person

Date

/s/ Jonathan Auerbach	08/08/2008
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**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).

- The securities may be deemed to be beneficially owned by (a) Hound Performance, LLC, the general partner of Hound Partners Offshore Fund, LP; (b) Hound Partners, LLC, the investment manager of Hound Partners Offshore Fund, LP and (c) Jonathan Auerbach, the
- (1) managing member of Hound Performance, LLC and Hound Partners, LLC. Each Reporting Person disclaims beneficial ownership in the securities reported on this Form 4 except to the extent of his or its pecuniary interest, if any, therein, and this report shall not be deemed to be an admission that such Reporting Person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.
 - (2) Re-balancing transactions among related entities over which the Reporting Person may be deemed to have beneficial ownership.
 - (3) The securities may be deemed to be beneficially owned by (a) Hound Performance, LLC, the general partner of Hound Partners, LP; (b) Hound Partners, LLC, the investment manager of Hound Partners, LP and (c) Jonathan Auerbach, the managing member of Hound Performance, LLC and Hound Partners, LLC. Each Reporting Person disclaims beneficial ownership in the securities reported on this

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Form 4 except to the extent of his or its pecuniary interest, if any, therein, and this report shall not be deemed to be an admission that such Reporting Person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.

- (4) These are the same Common Stock Warrants referenced in the Form 3 filed on April 26, 2007. The period of exercisability for such Common Stock Warrants was misstated in the Form 3 filed on April 26, 2007 due to a clerical error that is corrected hereby.

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.