

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
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 *
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)	3,944	D ⁽¹⁾	
Common Stock				(A) or (D)	7,619,047	I ⁽²⁾	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.

SEC 1474
(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		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
					Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		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	180,000
Warrant (right to buy)	\$ 13.75	12/16/2005		<u>J</u> ⁽⁴⁾	1,280,000 <u>(4)</u>	12/16/2005	12/16/2008		Common Stock	1,280,000
Warrant (right to buy)	\$ 13.75	12/16/2005		<u>J</u> ⁽⁴⁾	280,000 <u>(4)</u>	12/16/2005	12/16/2008		Common Stock	280,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

2

