

DePalma James  
Form 4  
August 31, 2006

**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 \*  
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) Price                                                  | 3,944                                                                                         | D <sup>(1)</sup>                                         |                                                                                         |
| Common Stock                    |                                      |                                                    |                                | (A) or (D) Price                                                  | 7,619,047                                                                                     | I <sup>(2)</sup>                                         | 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.**

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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 Securities (Instr. 3 and 4) |                 |              |                         |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-----|---------------------------------------------------------------|-----------------|--------------|-------------------------|
|                                            |                                                        |                                      |                                                    | Code                           | V                                                                                       | (A)                                                      | (D) | 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,                    |
| Warrant (right to buy)                     | \$ 13.75                                               | 12/16/2005                           |                                                    | <u>J</u> <sup>(4)</sup>        |                                                                                         | 1,280,000                                                |     | 12/16/2005                                                    | 12/16/2008      | Common Stock | 1,280,                  |
| Warrant (right to buy)                     | \$ 13.75                                               | 12/16/2005                           |                                                    | <u>J</u> <sup>(4)</sup>        |                                                                                         | 280,000                                                  |     | 12/16/2005                                                    | 12/16/2008      | Common Stock | 280,                    |

## Reporting Owners

Reporting Owner Name / Address

Relationships

