LIQUIDITY SERVICES INC

Form 4

November 05, 2007

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

OMB APPROVAL

Number:

3235-0287

Expires:

January 31, 2005

0.5

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if no longer subject to Section 16. Form 4 or Form 5

Check this box

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,

may continue. See Instruction

1(b).

obligations

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 * Rallo James M

2. Issuer Name and Ticker or Trading

Symbol

LIQUIDITY SERVICES INC [LQDT]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First)

(Middle)

3. Date of Earliest Transaction

(Month/Day/Year)

Director 10% Owner X_ Officer (give title Other (specify

10/16/2007

below) CFO, Treasurer

C/O LIQUIDITY SERVICES, INC., 1920 L STREET, N.W., 6TH **FLOOR**

(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

WASHINGTON, DC 20036

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3) (Month/Day/Year)

3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of 6. Ownership 7. Nature of Form: Direct Indirect Securities Beneficially (D) or Beneficial Owned Indirect (I) Ownership Following (Instr. 4) (Instr. 4) Reported

(A) Code V Amount (D) Price

Transaction(s) (Instr. 3 and 4)

Common 10/16/2007 625 M Stock

24,249

D

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 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. Transacti Code (Instr. 8) | 5. Number or 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. I Der Sec (Ins |
|-----------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------|---------------------------------------------------------------|-------------------------------------|----------------------------|
| | | | | Code V | (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | |
| Employee Stock Option | \$ 7 | | | | | <u>(1)</u> | 10/28/2015 | Common Stock | 67,500 | |
| Employee Stock Option | \$ 2 | | | | | (2) | 02/24/2015 | Common Stock | 59,917 | |
| Employee Stock Option | \$ 12.89 | 10/16/2007 | | M | 625 | (3) | 03/30/2016 | Common Stock | 625 | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | |
|--------------------------------|---------------|-----------|---------|-------|--|
| | Director | 10% Owner | Officer | Other | |

Rallo James M

C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR WASHINGTON, DC 20036

CFO, Treasurer

Deletionship

Signatures

/s/ James E. Williams, by power of 11/02/2007 attorney

> **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).
- On October 28, 2005, the reporting person was granted an option to purchase 75,000 shares of common stock. On February 28, 2006, the option vested as to 10% (7,500 shares) upon the completion of the Company's initial public offering; the remaining 90% (67,500 shares) shall vest upon the delivery by the Company's independent accountants of an unqualified opinion on management's assessment of the Company's internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.
- The option vested as to 25% on February 25, 2005 and has vested, and will continue to vest, at 2.083% per month thereafter on the 25th **(2)** of each month for the 36 months following the month of grant.
- One-quarter of the options vested on March 30, 2007, with the remaining options vesting in monthly installments through March 30, (3)2010.

Reporting Owners 2

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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.