

LARSON KAREN GILLES  
 Form 4  
 April 26, 2010

**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 \*  
**LARSON KAREN GILLES**

(Last) (First) (Middle)  
 266 EAST 7TH STREET  
 (Street)

ST. PAUL, MN 55075

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 Digitiliti Inc [DIGI.PK]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 04/22/2010

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 Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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	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)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
--	------------------------------------	--------------------------------------	--	--------------------------------	--	--	---

Edgar Filing: LARSON KAREN GILLES - Form 4

Derivative Security	(Instr. 3, 4, and 5)				Date Exercisable	Expiration Date	Title
	Code	V	(A)	(D)			
Stock Option (Right to Buy)	\$ 0.385	04/22/2010	D <sup>(1)</sup>	225,000	<u>(2)</u>	05/14/2014 <sup>(2)</sup>	Common Stock
Stock Option (Right to Buy)	\$ 0.385	04/22/2010	A <sup>(1)</sup>	225,000	<u>(2)</u>	05/14/2014 <sup>(2)</sup>	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LARSON KAREN GILLES 266 EAST 7TH STREET ST. PAUL, MN 55075		X		

## Signatures

Karen Gilles  
Larson  
04/23/2010  
Date

    Signature of Reporting Person

## 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) The two reported transactions involved the cancellation of the original option and the grant of a replacement option, as there were errors in the grant of the original option. The replacement option is a non-qualified stock option.
- (2) The replacement option and the original option have the same vesting schedule, which is 75,000 option shares will vest on 5/14/2010 and 6,250 option shares shall vest each month thereafter for 24 months, subject to the continuation of services as a director.

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.