DePalma James Form 4 August 31, 2006

FORM 4

Check this box

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

SECURITIES

OMB APPROVAL OMB 3235-0287

Number: January 31, Expires: 2005

if no longer STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF subject to Section 16. Form 4 or

Estimated average burden hours per response... 0.5

Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

Common

Stock

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading DePalma James Issuer Symbol L-1 IDENTITY SOLUTIONS, INC. (Check all applicable) [ID.N] (Last) (First) (Middle) 3. Date of Earliest Transaction Director X__ 10% Owner Other (specify X_ Officer (give title (Month/Day/Year) below) C/O L-1 INVESTMENT 08/29/2006 EVP, CFO and Treasurer PARTNERS LLC, 177 BROAD STREET (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting STAMFORD, CT 06901 (City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 1.Title of 3. 2. Transaction Date 2A. Deemed 4. Securities 5. Amount of 7. Nature of Securities Indirect Security (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Ownership (Instr. 3) Code Disposed of (D) Beneficially Form: Direct Beneficial (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5) Owned (D) or Ownership Following Indirect (I) (Instr. 4) Reported (Instr. 4) (A)

Code V Amount (D) Price

3,944 $D^{(1)}$

Transaction(s) (Instr. 3 and 4)

7,619,047 I (2) Common Stock

partnership of which Mr. DePalma is a managing member of the general partner

By limited

thereof.

SEC 1474

(9-02)

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.

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)	Transaction Code (Instr. 8)	5. Number of orDerivative 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 (Underlying Securities (Instr. 3 and 4)	
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amour Numbe Shares
Stock Option (right to buy)	\$ 14.55	08/29/2006		A	180,000		(3)	(3)	Common Stock	180,
Warrant (right to buy)	\$ 13.75	12/16/2005		J <u>(4)</u>	1,280,000 (4)		12/16/2005	12/16/2008	Common Stock	1,280
Warrant (right to	\$ 13.75	12/16/2005		J <u>(4)</u>	280,000 (4)		12/16/2005	12/16/2008	Common Stock	280,

Reporting Owners

buy)

Reporting Owner Name / Address

Relationships

Reporting Owners 2

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Director 10% Owner Officer Other

DePalma James C/O L-1 INVESTMENT PARTNERS LLC 177 BROAD STREET STAMFORD, CT 06901

X EVP, CFO and Treasurer

Signatures

/s/ James A.
DePalma
08/31/2006

**Signature of Date
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) As previously reported by the Reporting Person on Form 4 dated December 23, 2005, the Reporting Person is the beneficial owner of 3,944 shares of Common Stock.
- As previously reported by the Reporting Person on Form 3 dated December 23, 2005, the Reporting Person may be deemed the beneficial owner of 7,619,047 shares of Common Stock held by a limited partnership of which the Reporting Person is a managing member of the general partner thereof. The Reporting Person expressly disclaims beneficial ownership with respect to such shares.
- (3) On August 29, 2006, the Reporting Person was granted options to purchase 180,000 shares of Common Stock, which options vest in equal annual installments for four years from the grant date, and will be exercisable for ten years from the grant date.
- As previously reported by the Reporting Person on Form 3 dated December 23, 2005, the Reporting Person may be deemed the beneficial owner of shares of Common Stock issuable upon exercise of warrants held by a limited partnership of which the Reporting Person is a managing member of the general partner thereof. The Reporting Person expressly disclaims beneficial ownership with respect to such shares.

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.

Signatures 3