

ROSS STANTON E

Form 4

March 28, 2012

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
ROSS STANTON E

(Last) (First) (Middle)

8000 WEST 110TH
STREET, SUITE 200

(Street)

OVERLAND PARK, KS 66210

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
DIGITAL ALLY INC [DGLY]

3. Date of Earliest Transaction
(Month/Day/Year)
02/23/2012

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)

CEO & President

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)
Common stock	02/23/2012		S	V Amount (A) or (D) Price 91,600 D \$ 0 (1)	638,346	D	
Common stock	02/23/2012		S	V Amount (A) or (D) Price 555,000 D \$ 0 (2)	83,346	D	
Common stock	02/23/2012		S	V Amount (A) or (D) Price 2,185 D \$ 0 (3)	81,161	D	

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

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SEC 1474
(9-02)

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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 Shares
Employee Stock Option (right to buy)	\$ 2.15 ⁽⁴⁾	02/23/2012		J		303,488 ⁽⁴⁾		09/25/2006	09/25/2011	Common stock	303,4 ⁽⁴⁾

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
ROSS STANTON E 8000 WEST 110TH STREET SUITE 200 OVERLAND PARK, KS 66210	X CEO & President

Signatures

Stanton E. Ross 03/28/2012

**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).

(1) Mr. Ross did not initiate the sales reported. He had pledged 91,600 shares of his common stock for a margin account at a stock brokerage firm. The firm and/or its accounts were subsequently taken over by a third party. At some point, Mr. Ross learned that such third party had liquidated these shares to satisfy, in whole or in part, the margin debt. Mr. Ross is unable to confirm dates, prices or amount of any sale transactions by such third party and has used the date noted as the transaction date for purposes of this Report.

(2) Mr. Ross did not initiate the sales reported. He had pledged approximately 555,000 shares of his common stock as collateral for a personal loan. In 2011 the bank notified Mr. Ross that it intended to sell all or part of the pledged shares to help satisfy his obligation to it and sold shares, which Mr. Ross previously reported on Form 4's according to the information that the bank supplied to him. Mr. Ross contested the bank's actions in court. Effective February 23, 2012, he and the bank reached a settlement under which the bank retained the balance of the unsold pledged shares it then held in partial satisfaction of the debt. No specific value has been assigned to the shares in the settlement agreement.

(3) The Digital Ally, Inc. 401K Plan & Trust holds shares for the benefit of Mr. Ross. The number of shares held for the benefit of Mr. Ross was adjusted by 2,185 shares to 11,957 as of December 31, 2011. This adjustment was the result of a reallocation of shares within the Plan pursuant to applicable rules and regulations.

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- (4) A total of 303,488 options previously granted to Mr. Ross under the 2006 Digital Ally, Inc. Stock Option and Restricted Stock Plan expired unexercised on September 25, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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