

AUERBACH JONATHAN A G
Form 4
December 10, 2010

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 *
Hound Partners, LLC

2. Issuer Name and Ticker or Trading Symbol
NETWORK 1 SECURITY SOLUTIONS INC [NSSI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
12/08/2010

___ Director ___X___ 10% Owner
___ Officer (give title below) ___ Other (specify below)

101 PARK AVENUE, 48TH FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
X Form filed by More than One Reporting Person

NEW YORK, NY 10178

(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 Ownership (Instr. 4) | | |
|--|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-------------|--|
| | | | Code | V | Amount | (A) or (D) | Price | | |
| Common Stock \$.01 par value per share | 12/08/2010 | 12/08/2010 | S | | 2,827 | D | \$ 1.75 | 694,742 I | By Hound Partners, LP ⁽¹⁾ |
| Common Stock \$.01 par value per share | 12/08/2010 | 12/08/2010 | S | | 3,294 | D | \$ 1.75 | 1,023,092 I | By Hound Partners Offshore Fund, LP ⁽²⁾ |
| Common Stock \$.01 | 12/08/2010 | 12/08/2010 | S | | 879 | D | \$ 1.75 | 186,202 I | By Hound Partners, |

| | | | | | | | | | |
|--|------------|------------|---|--------|---|---------|-----------|---|--|
| par value | | | | | | | | | LLC ⁽³⁾ |
| Common Stock \$.01 par value per share | 12/09/2010 | 12/09/2010 | S | 2,607 | D | \$ 1.65 | 692,135 | I | By Hound Partners, LP ⁽¹⁾ |
| Common Stock \$.01 par value per share | 12/09/2010 | 12/09/2010 | S | 32,314 | D | \$ 1.66 | 659,821 | I | By Hound Partners, LP ⁽¹⁾ |
| Common Stock \$.01 par value per share | 12/09/2010 | 12/09/2010 | S | 3,036 | D | \$ 1.65 | 1,020,056 | I | By Hound Partners Offshore Fund, LP ⁽²⁾ |
| Common Stock \$.01 par value per share | 12/09/2010 | 12/09/2010 | S | 37,637 | D | \$ 1.66 | 982,419 | I | By Hound Partners Offshore Fund, LP ⁽²⁾ |
| Common Stock \$.01 par value per share | 12/09/2010 | 12/09/2010 | S | 810 | D | \$ 1.65 | 185,392 | I | By Hound Partners, LLC ⁽³⁾ |
| Common Stock \$.01 par value per share | 12/09/2010 | 12/09/2010 | S | 10,049 | D | \$ 1.66 | 175,343 | I | By Hound Partners, LLC ⁽³⁾ |

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

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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) | 8. Price of Derivative Security (Instr. 5) | 9. Nu |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|-------|
| | | | | | | | | | |

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beneficial ownership in the securities reported on this Form 4 except to the extent of his or its pecuniary interest, if any, therein, and this report shall not be deemed to be an admission that such Reporting Person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.

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