#### LIQUIDITY SERVICES INC

Form 4 October 04, 2006

### FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**OMB APPROVAL** OMB

3235-0287 Number:

January 31, Expires: 2005

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Estimated average burden hours per response...

Check this box if no longer subject to Section 16.

Form 4 or Form 5 obligations may continue.

See Instruction

**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

1(b).

(Last)

(City)

(Print or Type Responses)

1. Name and Address of Reporting Person \*

**CLOUGH PHILLIP A** 

2. Issuer Name and Ticker or Trading

Symbol

LIQUIDITY SERVICES INC

[LQDT]

3. Date of Earliest Transaction

X\_ Director Officer (give title below)

X 10% Owner Other (specify

400 EAST PRATT STREET, SUITE

(First)

910

(Street) 4. If Amendment, Date Original

(Middle)

(Zip)

Filed(Month/Day/Year)

(Month/Day/Year)

10/02/2006

6. Individual or Joint/Group Filing(Check

5. Relationship of Reporting Person(s) to

(Check all applicable)

Applicable Line)

\_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

Issuer

BALTIMORE, MD 21202-3116

(State)

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)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Month/Day/Year) (Instr. 8)

5. Amount of Securities Form: Direct Beneficially (D) or Indirect (I) Owned (Instr. 4) Following

6. Ownership 7. Nature of Indirect Beneficial Ownership (Instr. 4)

Reported (A) Transaction(s) or (Instr. 3 and 4)

Code V Amount (D) Price

Common Stock

3,262,643 (1)

See Foot Note (2)

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 required to respond unless the form displays a currently valid OMB control number.

(9-02)

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. 5. Number Transaction Derivative Code Securities (Instr. 8) 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 or Number of Shares
Employee Stock Option (right to buy)	\$ 14.75	10/02/2006		A	9,393	(3)	10/02/2016	Common Stock	9,393

# **Reporting Owners**

Reporting Owner Name / Address	Relationships					
• 0	Director	10% Owner	Officer	Other		
CLOUGH PHILLIP A 400 EAST PRATT STREET SUITE 910 BALTIMORE, MD 21202-3116	X	X				

## **Signatures**

/s/ James E. Williams, by power of 10/04/2006 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).

The shares are owned directly by ABS Capital Partners IV, L.P. ("ABS Capital Partners IV") in the amount of 2,887,105 shares, ABS Capital Partners IV-A, L.P. ("ABS Capital Partners IV-A") in the amount of 96,664 shares, ABS Capital Partners IV Offshore, L.P. ("ABS Capital Partners IV Offshore") in the amount of 165,817, ABS Capital Partners IV Special Offshore, L.P. ("ABS Capital Partners

- IV Special Offshore," and together with ABS Capital Partners IV, ABS Capital Partners IV-A, ABS Capital Partners IV Offshore, "The Funds") in the amount of 113,057 shares. ABS Partners IV, L.L.C., is the general partner of the Funds (the "General Partner"), and Donald B. Hebb, Jr., Timothy T. Weglicki, John D. Stobo, Jr., Phillip A. Clough, Frederic G. Emry, Ashoke Goswami, Ralph S. Terkowitz, and Laura L. Witt, as the managers of the General Partner (the "Managers"), are indirect beneficial owners of the reported securities
- Mr. Phillip Clough is a managing member of ABS Partners IV, LLC, which is the general partner of the ABS Entities. ABS Partners IV, (2) LLC exercises voting and dispositive power over the shares held by the ABS Entities. Mr. Clough disclaims beneficial ownership of these
- shares except to the extent of his pecuniary interest
- (3) These stock options will have a one-year vesting period, such that 100% of this option grant will vest on 10/2/2007.

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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