

AUERBACH JONATHAN A G
 Form 4
 April 09, 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)
 101 PARK AVENUE, 48TH FLOOR
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 04/01/2010

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

NEW YORK, NY 10178

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

(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 Indirect Ownership (Instr. 4) | | |
|----------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|-------------|----------------------------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price | | |
| Common Stock \$.01 par value per share | 04/01/2010 | 04/01/2010 | S ⁽¹⁾ | | 244,230 | D | \$ 0.93 | 812,985 I | By Hound Partners, LP ⁽²⁾ |
| Common Stock \$.01 par value per share | 04/01/2010 | 04/01/2010 | P ⁽¹⁾ | | 21,385 | A | \$ 0.93 | 1,160,753 I | By Hound Partners Offshore Fund, LP ⁽³⁾ |
| Common Stock \$.01 | 04/01/2010 | 04/01/2010 | P ⁽¹⁾ | | 222,845 | A | \$ 0.93 | 222,845 I | By Hound Partners, |

par value
per share

LLC ⁽⁴⁾

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 Security (Instr. 3 and 4) | Ar Nu Sh |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------|-------------------------------------------------------------|----------------|
| | | | | | | Date Exercisable | Expiration Date | | |
| Common Stock Warrant (Right to Buy) | \$ 2 | 04/01/2010 | 04/01/2010 | S ⁽¹⁾ | 83,943 | 04/16/2007 | 04/16/2012 | Common Stock` | 8 |
| Common Stock Warrant (Right to Buy) | \$ 2 | 04/01/2010 | 04/01/2010 | S ⁽¹⁾ | 25,962 | 04/16/2007 | 04/16/2012 | Common Stock | 2 |
| Common Stock Warrant (Right to Buy) | \$ 2 | 04/01/2010 | 04/01/2010 | P ⁽¹⁾ | 109,905 | 04/16/2007 | 04/16/2012 | Common Stock | 10 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|----------------------------------------------------------------------------|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Hound Partners, LLC 101 PARK AVENUE 48TH FLOOR NEW YORK, NY 10178 | | X | | |
| Hound Performance, LLC 101 PARK AVENUE | | X | | |

48TH FLOOR
NEW YORK, NY 10178

AUERBACH JONATHAN A G
101 PARK AVENUE
48TH FLOOR
NEW YORK, NY 10178

X

Signatures

Hound Partners, LLC, By: /s/ Jonathan Auerbach, Managing Member 04/09/2010

__Signature of Reporting Person

Date

Hound Performance, LLC, By: /s/ Jonathan Auerbach, Managing Member 04/09/2010

__Signature of Reporting Person

Date

/s/ Jonathan Auerbach 04/09/2010

__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) Re-balancing transactions among related entities over which the Reporting Person may be deemed to have beneficial ownership.

The securities may be deemed to be beneficially owned by (a) Hound Performance, LLC, the general partner of Hound Partners, LP; (b) Hound Partners, LLC, the investment manager of Hound Partners, LP and (c) Jonathan Auerbach, the managing member of Hound

(2) Performance, LLC and Hound Partners, LLC. Each Reporting Person disclaims 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.

The securities may be deemed to be beneficially owned by (a) Hound Performance, LLC, the general partner of Hound Partners Offshore Fund, LP; (b) Hound Partners, LLC, the investment manager of Hound Partners Offshore Fund, LP and (c) Jonathan Auerbach, the

(3) managing member of Hound Performance, LLC and Hound Partners, LLC. Each Reporting Person disclaims 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.

The securities may be deemed to be beneficially owned by (a) Hound Partners, LLC (b) a separately managed account managed by Hound Partners, LLC and (c) Jonathan Auerbach, the managing member of Hound Partners, LLC. Each Reporting Person disclaims

(4) 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.

(5) The number of derivative securities beneficially owned following a reported transaction was misstated in the prior Form 4 (filed on August 8, 2008). The number reported as 484,899 was actually 484,900. This misstatement is hereby corrected.

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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