

LIQUIDITY SERVICES INC

Form 5

November 14, 2007

FORM 5**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).

Form 3 Holdings
Reported
Form 4
Transactions
Reported

**ANNUAL 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

OMB
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1. Name and Address of Reporting Person *
Rallo James M

(Last) (First) (Middle)

C/O LIQUIDITY SERVICES,
INC., 1920 L STREET, N.W., 6TH
FLOOR

(Street)

2. Issuer Name **and** Ticker or Trading
Symbol
LIQUIDITY SERVICES INC
[LQDT]

3. Statement for Issuer's Fiscal Year Ended
(Month/Day/Year)
09/30/2007

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☐ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)
CFO, Treasurer

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

6. Individual or Joint/Group Reporting

(check applicable line)

WASHINGTON, DC 20036

☒ Form Filed by One Reporting Person
☐ 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) (A) or Amount (D) Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	03/15/2007	Â	G	5,000 D \$ 0	23,624	D	Â

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.**

SEC 2270
(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. 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.
					(A) (D)	Date Exercisable Expiration Date	Title	Amount or Number of Shares
Employee Stock Option	\$ 7	Â	Â	Â	Â Â Â <u>(1)</u>	10/28/2015	Common Stock	67,500
Employee Stock Option	\$ 2	Â	Â	Â	Â Â Â <u>(2)</u>	02/24/2015	Common Stock	59,917
Employee Stock Option	\$ 12.89	Â	Â	Â	Â Â Â <u>(3)</u>	03/30/2016	Common Stock	19,376

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Rallo James M C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR WASHINGTON, DC 20036	Â	Â	Â CFO, Treasurer	Â

Signatures

/s/ James E. Williams, by power of attorney
 11/14/2007
 __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) On October 28, 2005, the reporting person was granted an option to purchase 75,000 shares of common stock. On February 28, 2006, the option vested as to 10% (7,500 shares) upon the completion of the Company's initial public offering; the remaining 90% (67,500 shares) shall vest upon the delivery by the Company's independent accountants of an unqualified opinion on management's assessment of the Company's internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

(2) The option vested as to 25% on February 25, 2005 and has vested, and will continue to vest, at 2.083% per month thereafter on the 25th of each month for the 36 months following the month of grant.

(3)

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One-quarter of the options vested on March 30, 2007, with the remaining options vesting in monthly installments through March 30, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.