

NETWORK 1 SECURITY SOLUTIONS INC
 Form 4
 December 14, 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 *
HOROWITZ COREY M

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 CEO and Chairman

(Last) (First) (Middle)
C/O CMH CAPITAL MANAGEMENT CORP, 445 PARK AVENUE, SUITE 1018

3. Date of Earliest Transaction (Month/Day/Year)
12/10/2010

(Street)
NEW YORK, NY 10022

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

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 Indirect Beneficial Ownership (Instr. 4) |
|---|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock, \$.01 par value per share | 12/10/2010 | | M | | 1,084,782 | A | \$ 0.23 |
| Common Stock, \$.01 par value per share | | | | | 2,042,800 | I | |

See Footnote (2)

| | | | | | | | |
|--|------------|---|--------|---|------------|-----------|------------------|
| Common Stock, \$.01 par value per share | 12/14/2010 | S | 1,000 | D | \$ 1.62 | 1,352,575 | D ⁽³⁾ |
| Common Stock, \$.01 par value per share | 12/14/2010 | S | 51,000 | D | \$ 1.58 | 1,301,585 | D ⁽³⁾ |
| Common Stock, \$.01 par value per share | 12/14/2010 | S | 28,500 | D | \$ 1.56 | 1,273,085 | D ⁽³⁾ |

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.

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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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount |
| Option to purchase common stock | \$ 0.23 | 12/10/2010 | | M | 1,084,782 | 12/22/2003 12/22/2011 | Common Stock 1,084,782 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|------------------|-------|
| | Director | 10% Owner | Officer | Other |
| HOROWITZ COREY M C/O CMH CAPITAL MANAGEMENT CORP 445 PARK AVENUE, SUITE 1018 NEW YORK, NY 10022 | X | X | CEO and Chairman | |

CMH CAPITAL MANAGEMENT CORP
445 PARK AVENUE
SUITE 1018
NEW YORK, NY 10022

X

Signatures

By: /s/ Corey M. Horowitz

12/13/2010

__Signature of Reporting Person

Date

By: /s/ Corey M. Horowitz for CMH Capital Management Corp.

12/13/2010

__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) Represents the exercise by Corey M. Horowitz of incentive stock options issued under the Issuer's 1996 Stock Option Plan, as amended.
- (2) The shares are owned directly by CMH Capital Management Corp. and indirectly by Corey M. Horowitz. CMH Capital Management Corp. is an entity in which Corey Horowitz is the sole officer, director and shareholder.
- (3) Represents the sale of a portion of the shares underlying the option exercised by Corey M. Horowitz on December 10, 2010.

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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