

DIGITAL ALLY INC
 Form 5
 February 13, 2008

FORM 5

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).
 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

1. Name and Address of Reporting Person *
ROSS STANTON E

(Last) (First) (Middle)

7311 WEST 130TH STREET, SUITE 170

(Street)

OVERLAND PARK, KS 66213

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
DIGITAL ALLY INC [DGLY]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
 Chairman, President, and CEO

6. Individual or Joint/Group Reporting

(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) (A) or (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 Indirect Ownership (Instr. 4)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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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	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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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Derivative Security					Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount Number Shares
					(A)	(D)				
Stock Option (Option to Buy)	\$ 4.05	10/15/2007	Â	A4	175,000	Â	Â (1)	10/14/2017	Common Stock	175,0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ROSS STANTON E 7311 WEST 130TH STREET SUITE 170 OVERLAND PARK, KS 66213	Â X	Â X	Â Chairman, President, and CEO	Â

Signatures

/s/Stanton E. Ross 02/13/2008

**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).
- Represents 175,000 options to purchase shares of Common Stock of the Company granted pursuant to the Digital Ally, Inc. 2007 Stock Option and Restricted Stock Plan. Of such options, 21,875 vested immediately upon grant, 21,875 vested on January 1, 2008, and the
- (1) balance will vest in six equal installments of 21,875 options each on the first day of each quarter beginning April 1, 2008 and each quarter thereafter, provided that Mr. Ross is still employed by the Company. These options are subject to the approval of the foregoing Plan by the shareholders at the annual meeting of shareholders.
 - (2) Does not include 300,000 options to purchase shares of Common Stock of the Company granted on January 2, 2008 pursuant to the Digital Ally, Inc. 2008 Stock Option and Restricted Stock Plan. Of such options, none vested upon grant, 30,000 will vest on January 2, 2009, 60,000 on January 2, 2010, 90,000 on January 2, 2011 and 120,000 on January 2, 2012, provided that Mr. Ross is still then employed by Company. These options are subject to the approval of the foregoing Plan by the shareholders at the annual meeting of shareholders. These options have been reported on a Form 4, filed on January 4, 2008.

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.