

SMITH THOMAS W
Form 5
February 04, 2011

FORM 5

OMB APPROVAL

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

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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 *
SMITH THOMAS W

2. Issuer Name and Ticker or Trading Symbol
PRE PAID LEGAL SERVICES INC [PPD]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2010

____ Director ____ 10% Owner
____ Officer (give title below) ____ Other (specify below)
Member of Section 13D Group

323 RAILROAD AVENUE

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

GREENWICH, CT 06830

__X__ 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)	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)
				(A) or (D) Price			
Common Stock	12/29/2010	^	G	100,000 D \$ 0	655,900	D	^
Common Stock	^	^	^	^ ^	100,000	I (1)	By Thomas W. Smith Foundation (1)
Common Stock	^	^	^	^ ^	488,434	I (2)	By Idoya Partners L.P.

Common Stock	Â	Â	Â	Â	Â	Â	1,014,675	I ⁽³⁾	⁽²⁾ By Prescott Associates L.P. ⁽³⁾
Common Stock	Â	Â	Â	Â	Â	Â	41,306	I ⁽⁴⁾	By Prescott International Partners L.P. ⁽⁴⁾
Common Stock	Â	Â	Â	Â	Â	Â	65,000	I ⁽⁵⁾	By Prescott Investors Profit Sharing Trust ⁽⁵⁾

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 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. Price of Derivative Security (Instr. 5)	9. of D Se B O E Is Fi (I
					(A) (D)	Date Exercisable Expiration Date	Title	Amount or Number of Shares	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SMITH THOMAS W 323 RAILROAD AVENUE GREENWICH, CT 06830	Â	Â	X	Â
				Member of Section 13D Group

Signatures

/s/ Thomas W. Smith 02/04/2011

__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) These shares are owned directly by the Thomas W. Smith Foundation ("Foundation") and indirectly by the Reporting Person as trustee of the Foundation. The Reporting Person disclaims beneficial ownership of these shares in excess of his pecuniary interest under 16a-8(b)(2)(ii). The address for the Foundation is 323 Railroad Avenue, Greenwich, CT 06830.

These shares are owned directly by Idoya Partners L.P. ("Idoya"), a private investment limited partnership, and indirectly by the Reporting Person as general partner of Idoya. The Reporting Person disclaims beneficial ownership of these shares in excess of his pecuniary interest under Rule 16a-1(a)(2)(ii)(B). The address for Idoya is 323 Railroad Avenue, Greenwich, CT 06830.
 - (2) These shares are owned directly by Prescott Associates L.P. ("Prescott Associates"), a private investment limited partnership, and indirectly by the Reporting Person as general partner of Prescott Associate. The Reporting Person disclaims beneficial ownership of these shares in excess of his pecuniary interest under Rule 16a-1(a)(2)(ii)(B). The address for Prescott Associates is 323 Railroad Avenue, Greenwich, CT 06830.
 - (3) These shares are owned directly by Prescott International Partners L.P. ("PIP"), a private investment limited partnership, and indirectly by the Reporting Person as general partner of PIP. The Reporting Person disclaims beneficial ownership of these shares in excess of his pecuniary interest under Rule 16a-1(a)(2)(ii)(B). The address for PIP is 323 Railroad Avenue, Greenwich, CT 06830.
 - (4) These shares are owned directly by the Prescott Investors Profit Sharing Trust ("Trust") and indirectly by the Reporting Person as a trustee of the Trust. The Reporting Person disclaims beneficial ownership of these shares in excess of his pecuniary interest under 16a-8(b)(2)(ii). The address for the Trust is 323 Railroad Avenue, Greenwich, CT 06830.

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.