

NETWORK 1 SECURITY SOLUTIONS INC
 Form 3
 April 26, 2007

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 (Last) (First) (Middle) 101 PARK AVENUE, 48TH FLOOR (Street) NEW YORK, NY 10178 (City) (State) (Zip) | 2. Date of Event Requiring Statement (Month/Day/Year) 04/17/2007 | 3. Issuer Name and Ticker or Trading Symbol NETWORK 1 SECURITY SOLUTIONS INC [NSSI-OTC] | 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below) | 5. If Amendment, Date Original Filed(Month/Day/Year) | 6. Individual or Joint/Group Filing(Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person |
|--|--|---|--|--|---|

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|---|--|
| Common Stock \$.01 par value per share | 1,081,817 ⁽¹⁾ | I | By Hound Partners, LP |
| Common Stock \$.01 par value per share | 1,084,850 ⁽²⁾ | I | By Hound Partners Offshore Fund, LP |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying | 4. Conversion | 5. Ownership | 6. Nature of Indirect Beneficial |
|---|---|--|---------------|--------------|----------------------------------|
|---|---|--|---------------|--------------|----------------------------------|

| | Date Exercisable | Expiration Date | Derivative Security (Instr. 4) Title | Amount or Number of Shares | or Exercise Price of Derivative Security | Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | Ownership (Instr. 5) |
|-------------------------------------|------------------|-----------------|---|----------------------------|--|--|-------------------------------------|
| Common Stock Warrant (Right to Buy) | 04/16/2006 | 04/16/2011 | Common Stock | 540,908 ⁽¹⁾ | \$ 2 | I | By Hound Partners, LP |
| Common Stock Warrant (Right to Buy) | 04/16/2006 | 04/16/2011 | Common Stock | 524,425 ⁽²⁾ | \$ 2 | I | By Hound Partners Offshore Fund, LP |

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

Signatures

| | |
|--|------------|
| Hound Partners, LLC, By: /s/ Jonathan Auerbach, Managing Member | 04/26/2007 |
| **Signature of Reporting Person | Date |
| Hound Performance, LLC, By: /s/ Jonathan Auerbach, Managing Member | 04/26/2007 |
| **Signature of Reporting Person | Date |
| /s/ Jonathan Auerbach, Managing Member | 04/26/2007 |
| **Signature of Reporting Person | Date |

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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) 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 Performance, LLC and Hound Partners, LLC. Each Reporting Person disclaims beneficial ownership in the securities reported on this

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Form 3 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
- (2) managing member of Hound Performance, LLC and Hound Partners, LLC. Each Reporting Person disclaims beneficial ownership in the securities reported on this Form 3 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.

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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