

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>CLOUGH PHILLIP A</u>  (Last) (First) (Middle) 400 EAST PRATT STREET SUITE 910  (Street) BALTIMORE MD 21202-3116  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>LIQUIDITY SERVICES INC [ LQDT ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner  Officer (give title below) Other (specify below)	
	3. Date of Earliest Transaction (Month/Day/Year) 03/19/2007		
	4. If Amendment, Date of Original Filed (Month/Day/Year)		
		6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> 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	03/19/2007		S		3,262,643 <sup>(1)</sup>	D	\$17.055	0	I	See Footnote <sup>(2)</sup>

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					
Employee Stock Option (Right to Buy)	\$12.89							(3)	04/03/2016	Common Stock	20,000	29,393	D	
Employee Stock Option (Right to Buy)	\$14.75							(4)	10/02/2016	Common Stock	9,393	29,393	D	

Explanation of Responses:

- Consists of the following shares held by the following entities: (a)2,887,105 shares held by ABS Capital Partners IV, L.P. ("ABS Capital Partners IV"); (b)96,664 held by ABS Capital Partners IV-A, L.P. ("ABS Capital Partners IV-A"); (c)165,817 shares held by ABS Capital Partners IV Offshore, L.P. ("ABS Capital Partners IV Offshore"); and (d)113,057 shares held by ABS Capital Partners IV Special Offshore, L.P. ("ABS Capital Partners IV Special Offshore," and together with ABS Capital Partners IV, ABS Capital Partners IV-A, ABS Capital Partners IV Offshore, the "ABS Entities") and options exercisable as of January 15, 2007 or within 60 days from such date. ABS Partners IV, LLC is the general partner of these entities and has voting and dispositive powers over these shares. The address for these entities affiliated with ABS Capital Partners is 400 East Pratt Street, Suite 910, Baltimore, MD 21202-3116.
- Mr. Phillip Clough is a managing member of ABS Partners IV, LLC, which is the general partner of the ABS Entities. ABS Partners IV, LLC exercises voting and dispositive power over the shares held by the ABS Entities. Mr. Clough disclaims beneficial ownership of these shares except to the extent of his pecuniary interest. The address for these entities affiliated with ABS Capital Partners is 400 East Pratt Street, Suite 910, Baltimore, MD 21202-3116.
- The granted options vest over a two year period starting on the day of grant, 4/3/06, and are 50% vested after 12 months. Upon exercise, all options will be converted into LSI common Stock.
- These stock options will have a one-year vesting period, such that 100% of this option grant will vest on 10/2/2007

Remarks:

This filing constitutes one of three related filings by the following joint reporting persons with respect to the securities of the issuer set forth hereon: ABS Capital Partners IV LP, ABS Capital Partners IV-A LP, ABS Capital Partners IV Special Offshore LP, ABS Capital Partners IV Offshore LP, ABS Partner IV LLC, Donald B. Hebb Jr., Phillip A. Clough, John D. Stobo Jr., Frederic G. Emry III., Laura L. Witt, Timothy T. Weglicki, and Ralph S. Terkowitz.

Phillip A. Clough 03/19/2007  
 \*\* Signature of Reporting Person Date

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

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.