SEC Form 4

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person* **Burton Thomas B**	2. Issuer Name **and** Ticker or Trading Symbol **LIQUIDITY SERVICES INC** [LQDT]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)

(Last)   (First)   (Middle)

C/O LIQUIDITY SERVICES, INC.

1920 L STREET, N.W., 6TH FLOOR

(Street)

WASHINGTON   DC   20036

(City)   (State)   (Zip)

3. Date of Earliest Transaction (Month/Day/Year) 08/12/2008

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

5. Relationship of Reporting Person(s) to Issuer (Check all applicable)

	Director		10% Owner
X	Officer (give title below)		Other (specify below)

Pres,COO,Gov't Liquid LLC

6. Individual or Joint/Group Filing (Check Applicable Line)

X 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	08/12/2008		M		12,000	A	$3	12,000	D	
Common Stock	08/12/2008		S		12,000	D	$12.56	0	D	

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	Title	Amount or Number of Shares				
Employee Stock Option	$10.93							(1)	10/01/2017	Common Stock	75,000		75,000	D	
Employee Stock Option	$12.89							(2)	03/30/2016	Common Stock	75,000		75,000	D	
Employee Stock Option	$3	08/12/2008		M			12,000	(3)	06/07/2015	Common Stock	12,000	$0	47,500	D	

Explanation of Responses:

1. Twenty-five percent of this option grant will vest on October 1, 2008, with the remaining options vesting at 2.083% per month thereafter on the first day of each month for the next 36 months.

2. Twenty-five percent of this option grant vested on March 30, 2007, with the remaining options vesting at 2.083% per month thereafter on the first day of each month for the next 36 months.

3. Twenty-five percent of this option grant vested on June 8, 2006, with the remaining options vesting at 2.083% per month thereafter on the first day of each month for the next 36 months.

/s/ James E. Williams, by power of attorney   08/14/2008

** Signature of Reporting Person   Date