

PAYMENT DATA SYSTEMS INC
 Form 4
 January 02, 2008

FORM 4

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
 HOCH LOUIS A

2. Issuer Name and Ticker or Trading Symbol
 PAYMENT DATA SYSTEMS INC
 [PYDS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 12500 SAN PEDRO, SUITE 120
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 12/29/2007

Director 10% Owner
 Officer (give title below) Other (specify below)
 President & COO

SAN ANTONIO, TX 78216

(City) (State) (Zip)

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

6. Individual or Joint/Group Filing(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)	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 Ownership (Instr. 4)
Common Stock	12/29/2007		J	(A) or (D)	Amount 1,061,641 (1) Price \$ 0.075	D	12,357,034

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

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 control number.

SEC 1474
 (9-02)

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

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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)	Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Number of Shares
Employee Stock Option (right to buy)	\$ 2.812	12/29/2007		J	100,000 (2)	01/04/2002 01/04/2009	Common Stock	100,000	
Employee Stock Option (right to buy)	\$ 2.063	12/29/2007		J	75,000 (2)	12/28/2003 12/28/2010	Common Stock	75,000	
Employee Stock Option (right to buy)	\$ 0.86	12/29/2007		J	250,000 (2)	10/31/2004 10/31/2011	Common Stock	250,000	
Employee Stock Option (right to buy)	\$ 0.26	12/29/2007		J	15,000 (2)	06/13/2004 12/13/2012	Common Stock	15,000	
Employee Stock Option (right to buy)	\$ 0.18	12/29/2007		J	325,000 (2)	12/31/2005 12/31/2012	Common Stock	325,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HOCH LOUIS A 12500 SAN PEDRO SUITE 120 SAN ANTONIO, TX 78216	X	X	President & COO	

Signatures

Louis A. Hoch

01/02/2008

**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).

(1) Shares returned to issuer to satisfy payment obligation pursuant to the terms of the Employment Agreement dated February 27, 2007.

(2) Options canceled by issuer to satisfy payment obligation pursuant to the terms of the Employment Agreement dated February 27, 2007.

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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