

PAYMENT DATA SYSTEMS INC
 Form 4
 March 15, 2007

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 *
MORRISON LARRY

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)
 03/13/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 VP of Business Development

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)
			Code	V	Amount (A) or (D) Price		
Common Stock	03/13/2007		S		5,000 (1) D \$ 0.113	1,305,695	D
Common Stock	03/13/2007		S		5,000 (1) D \$ 0.117	1,300,695	D
Common Stock	03/13/2007		S		5,000 (1) D \$ 0.123	1,295,695	D
Common Stock	03/13/2007		S		5,000 (1) D \$ 0.118	1,290,695	D
Common Stock	03/14/2007		S		5,000 (1) D \$ 0.125	1,285,695	D

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Common Stock	03/14/2007	S	5,000 (1)	D	\$ 0.125	1,280,695	D
Common Stock	03/14/2007	S	5,000 (1)	D	\$ 0.127	1,275,695	D
Common Stock	03/14/2007	S	5,000 (1)	D	\$ 0.13	1,270,695	D
Common Stock	03/14/2007	S	5,000 (1)	D	\$ 0.135	1,265,695	D
Common Stock	03/15/2007	S	5,000 (1)	D	\$ 0.132	1,260,695	D

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

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(9-02)

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. Number of Derivative Securities Owned Beneficially (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MORRISON LARRY 12500 SAN PEDRO, SUITE 120 SAN ANTONIO, TX 78216			VP of Business Development	

Signatures

Larry Morrison 03/15/2007
 **Signature of Date
 Reporting Person

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) This sale was effected pursuant to a 10(b)5-1 trading plan effective as of May,2006

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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