LML PAYMENT SYSTEMS INC

Form 4

September 01, 2006

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

January 31, Expires: 2005

0.5

OMB APPROVAL

Form 4 or Form 5

obligations

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

Estimated average burden hours per response...

may continue. See Instruction

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

2. Issuer Name and Ticker or Trading

Issuer

GAINES CAROLYN

LML PAYMENT SYSTEMS INC

(Check all applicable)

5. Relationship of Reporting Person(s) to

[LMLP]

Symbol

(Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year)

Director

10% Owner X_ Officer (give title Other (specify below) below)

SUITE 1680, 1140 W. PENDER ST

(Street)

(State)

08/30/2006

Secretary 6. Individual or Joint/Group Filing(Check

4. If Amendment, Date Original

Filed(Month/Day/Year) Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

VANCOUVER, A1 V6E4G1

2. Transaction Date 2A. Deemed

(Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

(City)

(Month/Day/Year) Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

Securities Beneficially Owned Following

5. Amount of

6. Ownership 7. Nature of Form: Direct (D) or Indirect (I) (Instr. 4)

Indirect Beneficial Ownership (Instr. 4)

(A) or

Reported Transaction(s) (Instr. 3 and 4)

Common

Code V Amount (D) Price

D 47,112

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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. Transactic Code (Instr. 8)	5. Number of orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercis Expiration Dat (Month/Day/Y	te of Underlying		ng
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Incentive Stok Options	\$ 3.62	08/30/2006		A	25,000	08/30/2006	08/30/2011	common stock	25,000

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

GAINES CAROLYN SUITE 1680 1140 W. PENDER ST VANCOUVER, A1 V6E4G1

Secretary

Signatures

Carolyn L. 09/01/2006 Gaines

**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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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