

FORM 4

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

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

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

| | | | | | | | | |
|--|--|--|--|--|--|---|--|--|
| 1. Name and Address of Reporting Person * CMH CAPITAL MANAGEMENT CORP | | | 2. Issuer Name and Ticker or Trading Symbol NETWORK 1 SECURITY SOLUTIONS INC [NSSI.PK] | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) | | |
| (Last) (First) (Middle) 445 PARK AVENUE, SUITE 1028 | | | 3. Date of Earliest Transaction (Month/Day/Year) 04/13/2004 | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | | |
| (Street) NEW YORK, NY 10022 | | | 4. If Amendment, Date Original Filed (Month/Day/Year) | | | | | |
| (City) (State) (Zip) | | | 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, \$.01 par value per share | 04/13/2004 | | J(1) | | 2,712,337 (2) | A | (1) | 2,867,800 | D | |

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)

| 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) | | | | 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 Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|-----|-----|--|-----------------|---|--|--|--|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | |
| Series E Convertible Preferred Stock | \$ 0 (3) | 04/13/2004 | | J(1) | | | | (4) | (5) | Common Stock, \$.01 par value per share | (1) | 0 | D | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| CMH CAPITAL MANAGEMENT CORP 445 PARK AVENUE, SUITE 1028 NEW YORK, NY 10022 | | X | | |

Signatures

| | |
|--|------------|
| By: CMH Capital Management Corp., By: Corey M. Horowitz, President | 04/15/2004 |
| 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).
 Pursuant to an Exchange Agreement, dated April 13, 2004, by and among the Issuer and all the holders of the Issuer's outstanding Series D and Series E Preferred Stock, the holders of such
 - (1) Preferred Stock agreed to exchange their shares of Preferred Stock for shares of Common Stock. In accordance with the Exchange Agreement, holders of Preferred Stock received 1.25 times the number of shares of Common Stock for each share of Common Stock that they would have received based upon the conversion rate of their Preferred Stock.
 - (2) Issued in exchange for Series E Preferred Stock.
 - (3) Under the terms of the Certificate of Designations, Preferences and Other Rights and Qualifications of Series E Convertible Preferred Stock of the Issuer, each share of Series E Convertible Preferred Stock was convertible at any time into two (2) shares of Common Stock.
 - (4) The Series E Convertible Preferred Shares were convertible upon issuance. No additional payment was required for the conversion.
 - (5) The Series E Convertible Preferred Shares did not have an expiration date.

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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