

ACORN FACTOR, INC.

Form 4

January 03, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Barth Michael

(Last) (First) (Middle)

C/O DATA SYSTEMS &
SOFTWARE INC., 200 ROUTE 17

(Street)

MAHWAH, NJ 07430

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

ACORN FACTOR, INC. [ACFN]

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

12/28/2006

4. If Amendment, Date 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)

CFO & Chief Accounting Officer

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	(D)	Price

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

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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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	(A) or Disposed of (D) (Instr. 3, 4, and 5)							
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	\$ 2.65	12/28/2006	D ⁽¹⁾			50,000	⁽²⁾	07/31/2011	Common Stock	50,000	
Stock Option	\$ 3	12/28/2006	A ⁽¹⁾		50,000		⁽²⁾	07/31/2011	Common Stock	50,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Barth Michael C/O DATA SYSTEMS & SOFTWARE INC. 200 ROUTE 17 MAHWAH, NJ 07430			CFO & Chief Accounting Officer	

Signatures

/s/ Michael
Barth 01/03/2007
 **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).
- These options, granted on July 21, 2006, were modified on December 28, 2006 to increase the exercise price to \$3.00, the fair market value of the Issuer's Common Stock on the date of grant. The modification was made pursuant to transition relief under Internal Revenue Code Section 409A.
- (1) value of the Issuer's Common Stock on the date of grant. The modification was made pursuant to transition relief under Internal Revenue Code Section 409A.
 - (2) The option vests as to one-third on each of December 31, 2006, 2007 and 2008.
 - (3) N/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.