

GAINES CAROLYN
Form 4
January 14, 2013

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 *
GAINES CAROLYN

2. Issuer Name and Ticker or Trading Symbol
LML PAYMENT SYSTEMS INC
[LMLP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
1140 WEST PENDER STREET, SUITE 1680
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/10/2013

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Secretary

VANCOUVER, A1 V6F 4G1

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

(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 Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	01/10/2013		U	47,112 D 11 0		D	

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)

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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)				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 3	01/10/2013		D		210,000		(2)	03/31/2018	Common Stock	210,000
Stock Option (Right to Buy)	\$ 1.62	01/10/2013		D		100,000		(2)	08/18/2015	Common Stock	100,000
Stock Option (Right to Buy)	\$ 2.12	01/10/2013		D		100,000		(2)	11/17/2016	Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GAINES CAROLYN 1140 WEST PENDER STREET SUITE 1680 VANCOUVER, A1 V6F 4G1			Secretary	

Signatures

/s/ Carolyn
Gaines 01/14/2013

**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) Disposed of pursuant to the arrangement agreement between issuer, Digital River, Inc. and LML Acquisition Corp. in exchange for US\$3.45 in cash per share on the effective date of the arrangement.

(2) This option was canceled in connection with the arrangement in exchange for a cash amount equal to the amount, if any, by which the number of common shares underlying such option, multiplied by the per-share consideration of US\$3.45 per common share, exceeded the aggregate exercise price payable under the option to acquire the common shares underlying such option.

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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