

ACORN FACTOR, INC.  
Form 4  
January 03, 2007

**FORM 4**

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

OMB APPROVAL

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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

(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  
 Officer (give title below)  Other (specify below)  
CFO & Chief Accounting Officer

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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	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 Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Code	(A) or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares
				(A)	(D)				
Stock Option	\$ 2.65	12/28/2006	D <sup>(1)</sup>		50,000	<sup>(2)</sup>	07/31/2011	Common Stock	50,000
Stock Option	\$ 3	12/28/2006	A <sup>(1)</sup>	50,000		<sup>(2)</sup>	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.