

Smith Edward  
Form 3  
April 01, 2009

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 * |         | 2. Date of Event Requiring Statement | 3. Issuer Name <b>and</b> Ticker or Trading Symbol |  |
| Smith Edward                              |         | (Month/Day/Year)                     | DIGITAL ALLY INC [DGLY]                            |  |
| (Last)                                    | (First) | (Middle)                             | 03/30/2009   |  |
| 7311 W 130TH STREET, SUITE 170            |         |                                      | 4. Relationship of Reporting Person(s) to Issuer   | 5. If Amendment, Date Original Filed(Month/Day/Year)                   |
| (Street)                                  |         |                                      | (Check all applicable)                             |  |
| OVERLAND PARK, KS 66213                   |         |                                      | <input type="checkbox"/> Director                  | <input type="checkbox"/> 10% Owner                                     |
| (City)                                    | (State) | (Zip)                                | <input checked="" type="checkbox"/> Officer        | <input type="checkbox"/> Other   |
|   |         |                                      | (give title below)                                 | (specify below)  |
|   |         |                                      | Vice President of Operations                       | 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  |

**Table I - Non-Derivative Securities Beneficially Owned**

|                                 |   |  |   |
|---------------------------------|---|--|---|
| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|

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

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

|  |  |   |  |  |   |
|--|--|---|--|--|---|
| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|  | Date Exercisable   | Expiration Date   | Title  | Amount or Number of Shares   |   |

(Instr. 5)

|                                      |       |            |              |        |         |   |   |
|--------------------------------------|-------|------------|--------------|--------|---------|---|---|
| Stock Option (Right to Buy)          | Â (1) | 04/30/2018 | Common Stock | 20,000 | \$ 8.92 | D | Â |
| Employee Stock Option (Right to Buy) | Â (2) | 11/08/2013 | Common Stock | 5,000  | \$ 3.15 | D | Â |
| Employee Stock Option (Right to Buy) | Â (3) | 03/30/2019 | Common Stock | 20,000 | \$ 1.59 | D | Â |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                                      |       |
|---|---------------|-----------|--------------------------------------|-------|
|   | Director      | 10% Owner | Officer                              | Other |
| Smith Edward<br>7311 W 130TH STREET, SUITE 170<br>OVERLAND PARK, KS 66213 | Â             | Â         | Â Vice<br>President of<br>Operations | Â     |

## Signatures

Edward Smith                      04/01/2009

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(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) These options to purchase shares of Common Stock were granted to the Reporting Person under the Digital Ally, Inc. 2007 Stock Option and Restricted Stock Plan on May 1, 2008. The options will vest 6,667 on November 1, 2008; 6,666 May 1, 2009; and 6,667 November 1, 2009.

(2) These options to purchase shares of Common Stock were granted to the Reporting Person under the Digital Ally, Inc. 2008 Stock Option and Restricted Stock Plan on November 9, 2008. The options will vest 1,667 on November 9, 2008; 1,667 on May 8, 2009; and 1,666 on November 8, 2009.

(3) These options to purchase shares of Common Stock were granted to the Reporting Person under the Digital Ally, Inc. 2008 Stock Option and Restricted Stock Plan on March 30, 2009. The options will vest 2,000 on March 30, 2010; 4,000 on March 30, 2011; 6,000 on March 30, 2012; and 8,000 on March 30, 2013.

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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