

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2002-05-14** | Period of Report: **2002-03-31**

SEC Accession No. **0000935836-02-000253**

([HTML Version](#) on [secdatabase.com](#))

SUBJECT COMPANY

SAFLINK CORP

CIK: **847555** | IRS No.: **954346070** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **4** | Act: **34** | File No.: **000-20270** | Film No.: **02644642**
SIC: **7370** Computer programming, data processing, etc.

Mailing Address
*11911 NE 1ST STREET
SUITE B-304
BELLEVUE WA 98005*

Business Address
*11911 NE 1ST STREET
SUITE B-304
BELLEVUE WA 98005
4252781100*

REPORTING OWNER

PALO ALTO INVESTORS

CIK: **1012084**
Type: **4**

Mailing Address
*431 FLORENCE ST
STE 200
PALO ALTO CA 94301*

Business Address
*431 FLORENCE ST
STE 200
PALO ALTO CA 94301*

| | | |
|--|--|---|
| Form 4 | UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP | OMB APPROVAL <u>OMB Number: 3235-0287</u> Expires: December 31, 2001 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). | 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(f) of the Investment Company Act of 1940 | |
| (Print or Type Responses) | | |

| | | |
|---|---|--|
| 1. Name and Address of Reporting Person* Palo Alto Investors, LLC | 2. Issuer Name and Ticker or Trading Symbol SAFLINK Corporation (SFLK) | 6. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director _ XX 10% Owner Officer (give _____ Other (specify title below) below) _____ |
| (Last) (First) (Middle) 470 University Avenue | 4. Statement for Month/Year March 2002 | |
| (Street) Palo Alto, CA 94031 | 3. IRS Identification Number of Reporting Person, if an entity (voluntary) | 5. If Amendment, Date of Original (Month/Year) |
| (City) (State) (Zip) | 7. Individual or Joint/Group Filing (Check Applicable Line) Form filed by One Reporting Person X Form filed by More than One Reporting Person See Note 1 | |

| | |
|--|---|
| | Table I Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned |
|--|---|

| 1. Title of Security (Instr. 4) | 2. Transaction Date (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 at End of Month (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 | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

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

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

Persons who respond to the collection of information contained

(Over)

in this form are not required to respond unless the form displays SEC 1474 (3-00)

a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (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 Securities Underlying Derivative Security (Instr. 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned at End of Month (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 5) | |
|--|--|--------------------------------------|--------------------------------|---|---|--|------------|---|-----------------|--|--|--|--|------------|
| | | | Code | V | | (A) | (D) | Date Exercisable | Expiration Date | | | | | Title |
| Series C Warrants | See Note 2 | See Note 3 | P | | A | 500,000 | See Note 3 | See Note 3 | Common Stock | 500,000 | See Note 3 | 500,000 | D&I | See Note 4 |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |

Explanation of Responses:

- The reporting persons consist of William Leland Edwards, Palo Alto Investors, LLC, a California limited liability company ("PAI LLC"), Palo Alto Investors, a California corporation ("PAI Corp") and Micro Cap Partners, L.P., a Delaware limited partnership ("Micro Cap"), of which PAI LLC is the investment adviser and general partner. The sole manager of PAI LLC is PAI Corp. Mr. Edwards is the President and principal member of PAI LLC and the President and controlling shareholder of PAI Corp. PAI LLC is an investment adviser registered with the Securities and Exchange Commission, and is investment adviser to investment limited partnerships of which it is the general partner and to other clients. Mr. Edwards, PAI LLC and PAI Corp are filing this Form 4 jointly as a group. Micro Cap is filing this report jointly with the other reporting persons, but not as a member of a group and expressly disclaims membership in a group. All shares owned indirectly by Mr. Edwards, PAI LLC and PAI Corp are held in client accounts, and Mr. Edwards, PAI LLC and PAI Corp disclaim beneficial ownership of such shares except to the extent of their respective pecuniary interest therein. No client account of PAI LLC, other than Micro Cap, owns more than ten percent of the outstanding stock of the Issuer.
- The Series C Warrants (the "Warrants") are initially exercisable at \$2.25 per share, increasing to \$3.50 per share six months following the effectiveness of a registration statement (as declared by the Securities and Exchange Commission ("SEC")) covering the shares of common stock underlying the Warrants.
- The Warrants became issuable for no additional consideration in connection with the exercise by the reporting persons of the Issuer's Series A and Series B Warrants on January 8, 2002, but actually were issued on March 1, 2002 and became exercisable on that date. The Warrants have a five year term.
- These securities are owned directly by investment advisory client accounts of PAI LLC and investment limited partnerships of which PAI LLC is the general partner and investment adviser, including Micro Cap. Mr. Edwards owns the securities indirectly through PAI LLC.

Dated: May 13, 2002

PALO ALTO INVESTORS

, a California corporation

By: William L. Edwards, President

William L. Edwards

PALO ALTO INVESTORS, LLC

, a California corporation
Manager

By: Palo Alto Investors, a California corporation

By: William L. Edwards, President

MICRO CAP PARTNERS, L.P.

By: Palo Alto Investors, LLC, a California corporation, General
Partner

By: Palo Alto Investors, a California corporation, Manager

By: William L. Edwards, President

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff

Joint Filer Information

Name: Palo Alto Investors, LLC

Address: 470 University Avenue, Palo Alto, CA 94301

Designated Filer: William L. Edwards

Issuer and Ticker Symbol: SAFLINK Corporation (SFLK)

Statement for Month/Year: March 2002

Signature: Palo Alto Investors, LLC

By: Palo Alto Investors, a California corporation, Manager

By: William L. Edwards, President

Name: Palo Alto Investors, a California corporation

Address: 470 University Avenue, Palo Alto, CA 94301

Designated Filer: William L. Edwards

Issuer and Ticker Symbol: SAFLINK Corporation (SFLK)

Statement for Month/Year: March 2002

Signature: Palo Alto Investors, a California corporation

By: William L. Edwards, President

Name: William L. Edwards

Address: 470 University Avenue, Palo Alto, CA 94301

Designated Filer: William L. Edwards

Issuer and Ticker Symbol: SAFLINK Corporation (SFLK)

Statement for Month/Year: March 2002

By: William L. Edwards, President

Name: Micro Cap Partners, L.P.

Address: 470 University Avenue, Palo Alto, CA 94301

Designated Filer: William L. Edwards

Issuer and Ticker Symbol: SAFLINK Corporation (SFLK)

Statement for Month/Year: March 2002

Signature: Micro Cap Partners, L.P.

By: Palo Alto Investors, LLC

By: Palo Alto Investors

By: William L. Edwards, President