

Donaghy Brian Patrick  
Form 4  
September 10, 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 \*  
Donaghy Brian Patrick

2. Issuer Name and Ticker or Trading Symbol  
SMART ONLINE INC [SOLN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
2530 MERIDIAN PARKWAY, 2ND FLOOR

3. Date of Earliest Transaction (Month/Day/Year)  
08/21/2007

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_\_\_ Other (specify below)

VP of Product Strategy

(Street)  
DURHAM, NC 27713

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_X\_ 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 (A) or (D) Price			
Common Stock	08/21/2007		S	5,000 D \$ 2.4	35,000 <sup>(1)</sup>	I	See Footnote <sup>(2)</sup>
Common Stock	08/22/2007		S	5,800 A \$ 2.35	29,200 <sup>(1)</sup>	I	See Footnote <sup>(2)</sup>
Common Stock	08/24/2007		S	50 D \$ 2.5	29,150 <sup>(1)</sup>	I	See Footnote <sup>(2)</sup>
Common Stock	09/05/2007		G	9,000 <sup>(3)</sup> D \$ 0	78,652	D	



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