

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
 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)
 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 ⁽¹⁾	I	See Footnote ⁽²⁾
Common Stock	08/22/2007		S	5,800 A \$ 2.35	29,200 ⁽¹⁾	I	See Footnote ⁽²⁾
Common Stock	08/24/2007		S	50 D \$ 2.5	29,150 ⁽¹⁾	I	See Footnote ⁽²⁾
Common Stock	09/05/2007		G	9,000 ⁽³⁾ D \$ 0	78,652	D	

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