Donaghy Brian Patrick Form 4 September 10, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

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

may continue. See Instruction

1(b).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person * Donaghy Brian Patrick

(Middle)

2. Issuer Name and Ticker or Trading Symbol

SMART ONLINE INC [SOLN]

3. Date of Earliest Transaction

(Month/Day/Year) 08/21/2007

2530 MERIDIAN PARKWAY, 2ND **FLOOR**

(Street)

(First)

4. If Amendment, Date Original

Filed(Month/Day/Year)

OMB APPROVAL

OMB Number:

3235-0287

2005

January 31, Expires:

Estimated average burden hours per

response...

0.5

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

VP of Product Strategy

6. Individual or Joint/Group Filing(Check Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

DURHAM, NC 27713

(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. Transactio Code (Instr. 8)	4. Securities Acquired on(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 Indirect Beneficial Ownership (Instr. 4)	
Common Stock	08/21/2007		Code V S	Amount 5,000	(D)	Price \$ 2.4	35,000 (1)	I	See Footnote
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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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

> 9. Nu Deriv Secur Bene Own Follo Repo Trans

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

 Title of 	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Titl	e and	8. Price of	9
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	TransactionNumber		Expiration Date		Amou	nt of	Derivative	J
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Under	lying	Security	,
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Secur	ities	(Instr. 5)]
	Derivative				Securities	1		(Instr.	3 and 4)		(
	Security				Acquired]
					(A) or						J
					Disposed						-
					of (D)						(
					(Instr. 3,						
					4, and 5)						
									Amount		
									or		
							Expiration Date	Title Nu	Number		
									of		
				Code V	(A) (D)				Shares		
				Code v	(A) (D)				Shares		

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

Donaghy Brian Patrick 2530 MERIDIAN PARKWAY 2ND FLOOR DURHAM, NC 27713

VP of Product Strategy

Signatures

/s/ Brian 09/05/2007 Donaghy

**Signature of Date
Reporting Person

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).
- (1) This sale of securities being reported is for shares of the issuer owned by Growth Ventures Group, Inc., for which corporation the reporting person is 1/3 owner. The remaining shares listed are the remaining shares held by this corporation.
- (2) Reporting person disclaims beneficial ownership of these securities, and this portion of this report shall not be deemed an adminssion that the reporting person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.
- (3) These shares were shares held directly by reporting person and was a charitable contribution by the reporting person.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Reporting Owners 2

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