

SMART ONLINE INC  
Form 4  
September 11, 2009

**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 \*  
Atlas Capital SA

(Last) (First) (Middle)  
118 RUE DU RHONE  
(Street)  
GENEVA, V8 CH-1204  
(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
08/26/2009

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)  | Code V Amount (D) Price   |  |                                   |

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

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SEC 1474 (9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|------------------------------------|--------------------------------------|--|--------------------------------|--|--|---|
|--|------------------------------------|--------------------------------------|--|--------------------------------|--|--|---|

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| Derivative Security | Price           | Date       | Disposed of (D) |     | Date Exercisable | Expiration Date | Title        | Amount Number Shares |
|---------------------|-----------------|------------|-----------------|-----|------------------|-----------------|--------------|----------------------|
|                     |                 |            | (A)             | (D) |                  |                 |              |                      |
| See Footnote (1)    | \$ 1.32 (2) (3) | 08/26/2009 | 250,000 (2) (3) |     | 11/14/2010       | 11/14/2010      | Common Stock | 190,83 (2) (3)       |
| See Footnote (1)    | \$ 1.59 (2) (3) | 09/08/2009 | 250,000 (2) (3) |     | 11/14/2010       | 11/14/2010      | Common Stock | 157,23 (2) (3)       |

## Reporting Owners

| Reporting Owner Name / Address                             | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| Atlas Capital SA<br>118 RUE DU RHONE<br>GENEVA, V8 CH-1204 |               |           | X       |       |

## Signatures

/s/ Avy Lugassy, Member of Management  
Date: 09/11/2009

\_\_Signature of Reporting Person

Date

## 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) Convertible Secured Subordinated Note, due November 14, 2010 (the "Note")

The Note is convertible into Smart Online, Inc. (the "Issuer") common stock at the lowest "applicable conversion determined for each

(2) Note (issued to any noteholder), which shall be calculated by multiplying 120% by the lowest of (a) the average of the high and low prices of the Issuer's common stock on the OTCBB averaged over the 5 trading days prior to the closing date of the Note's issuance,

(b) if the Issuer's common stock is not traded on the Over-The Counter market, the closing price of the common stock reported on the principal exchange on which the common stock is listed, averaged over the 5 trading days prior to the closing date of the Note's issuance,

(3) or (c) the closing price of the Issuer's common stock on the OTCBB or the principal exchange on which the common stock is listed, as applicable, on the trading day preceding the date such Note is converted, in each case as adjusted for stock splits, dividends or combinations, recapitalizations or similar events.

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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