

Donaghy Brian Patrick
Form 4
September 10, 2007

FORM 4

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
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

OMB APPROVAL

OMB
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(Print or Type Responses)

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

(Last) (First) (Middle)

2530 MERIDIAN PARKWAY, 2ND
FLOOR

(Street)

DURHAM, NC 27713

(City) (State) (Zip)

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

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

08/21/2007

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title below) ____ Other (specify
below) 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

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 Indirect Beneficial Ownership (Instr. 4)
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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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(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 Derivative Security	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 Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Report Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of 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
Donaghy 09/05/2007

__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) 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 admission 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.

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