

SMART ONLINE INC  
Form 4  
February 26, 2009

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**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

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)

118 RUE DU RHONE

(Street)

GENEVA, V8 CH-1204

(City) (State) (Zip)

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

02/24/2009

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

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

**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)
			Code	V	Amount	Price	
Common Stock	02/24/2009		P		8,000	A \$ 2.1	6,487,485 D
Common Stock	02/24/2009		P		187,274	A \$ 2.25	6,674,759 D
Common Stock	02/25/2009		P		10,100	A \$ 2.0965	6,684,859 D

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

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SEC 1474 (9-02)

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**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)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Underlying (Instr. 3 and 4)
					(A)	(D)	Date Exercisable	Expiration Date	
See footnote (1)	\$ 3.05	02/24/2009		J		\$ 2,050,000	11/14/2010	11/14/2010	Common Stock
See footnote (1)	\$ 3.05	02/24/2009		J		\$ 1,250,000	11/14/2010	11/14/2010	Common Stock
See footnote (1)	\$ 2.28 (3)	02/24/2009		J		\$ 2,050,000	11/14/2010	11/14/2010	Common Stock
See footnote (1)	\$ 2.28 (3)	02/24/2009		J		\$ 1,250,000	11/14/2010	11/14/2010	Common Stock
See footnote (1)	\$ 2.6	02/24/2009		J		\$ 500,000	11/14/2010	11/14/2010	Common Stock
See footnote (1)	\$ 2.28	02/24/2009		J		\$ 500,000	11/14/2010	11/14/2010	Common Stock
See footnote (1)	\$ 2.28	02/24/2009		P		\$ 500,000	11/14/2010	11/14/2010	Common Stock

## Reporting Owners

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

## Signatures

/s/ Margaret Cate,  
attorney-in-fact

02/26/2009

\*\*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 (collectively, the "Notes").

(2) The reported transactions involved an amendment of outstanding Notes, resulting in the deemed cancellation of the "old" Notes and the deemed purchase of "replacement" Notes.

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

(3)

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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