

Nouri Dennis Michael
 Form 4
 January 17, 2007

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 *
 Nouri Dennis Michael

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)

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

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

2530 MERIDAN PARKWAY

01/12/2007

President and CEO

(Street)

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

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

DURHAM, NC 27713

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 Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/12/2007		S		301,085	A	\$ 0.1674 (1)	2,540,899	I (2)	See footnote
Common Stock	01/12/2007		J(3)		1,322,015.77	A	(3)	1,422,015.77 (3)	D	
Common Stock								87,043	I (4)	See footnote
Common Stock								16,500	I (5)	See footnote
Common Stock								6,500	I (6)	See footnote

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(6) Shares held by Dennis Michael Nouri as trustee for Moshe DaBush.

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