

Zoreff Dror
Form 4
March 30, 2010

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
Zoreff Dror

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)
609 KAPPOCK STREET #7C

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
03/26/2010

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

RIVERDALE, NY 10463

(City) (State) (Zip)

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

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 Indirect Beneficial 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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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 Securities Acquired (A) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|------------------------------------|--------------------------------------|--|--------------------------------|--------------------------------------|--|---|
|--|------------------------------------|--------------------------------------|--|--------------------------------|--------------------------------------|--|---|

Edgar Filing: Zoreff Dror - Form 4

| Derivative Security | | | | or Disposed of (D) (Instr. 3, 4, and 5) | Code V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
|--|---------|------------|--|---|--------|--------|-----|------------------|-----------------|--------------|----------------------------|
| Stock Option (Right to Buy) ⁽¹⁾ | \$ 1.14 | 03/26/2010 | | | A | 20,000 | | ⁽²⁾ | 03/26/2020 | Common Stock | 20,000 |
| Stock Option (Right to Buy) ⁽¹⁾ | \$ 1.14 | 03/26/2010 | | | A | 30,000 | | ⁽²⁾ | 03/26/2020 | Common Stock | 30,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Zoreff Dror 609 KAPPOCK STREET #7C RIVERDALE, NY 10463 | X | | | |

Signatures

/s/ Dror Zoreff 03/30/2010
 __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) The reporting person was granted two nonqualified stock options to purchase an aggregate of 50,000 shares of common stock of Smart Online, Inc. (the "Nonqualified Options") pursuant to Smart Online, Inc.'s 2004 Equity Compensation Plan.
- (2) Exercise of the Nonqualified Options is subject to vesting in quarter-annual increments, with 25% of each of the Nonqualified Options becoming exercisable on each of June 30, 2010, September 30, 2010, December 31, 2010 and March 31, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.