

Zoreff Dror  
Form 4  
March 30, 2010

**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 \*  
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.

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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)	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			or Disposed of			Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
			(D)	(A)	(D)					
			Code	V	(A)	(D)				
Stock Option (Right to Buy) <sup>(1)</sup>	\$ 1.14	03/26/2010	A		20,000		<sup>(2)</sup>	03/26/2020	Common Stock	20,000
Stock Option (Right to Buy) <sup>(1)</sup>	\$ 1.14	03/26/2010	A		30,000		<sup>(2)</sup>	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

                                Date  
\*\*Signature of 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.