

Smith Arthur L
Form 4
October 30, 2006

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
Smith Arthur L

2. Issuer Name **and** Ticker or Trading
Symbol
ATSI COMMUNICATIONS
INC/DE [ATSX]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
3201 CHERRY RIDGE, BUILDING
C, SUITE 300

3. Date of Earliest Transaction
(Month/Day/Year)
01/27/2005

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

(Street)
SAN ANTONIO, TX 78230

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

(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)
				(A) or (D)			
			Code	V	Amount		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
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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	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date	7. Title and Am Underlying Sec
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)
			Code V	(A)	(D)	
Option to Purchase Common Stock	\$ 0.46	01/27/2005	A ⁽¹⁾	420,000	01/27/2005 01/27/2015	Common Stock, \$.001 par value per share
Option to Purchase Common Stock	\$ 0.46	09/29/2005	D ⁽²⁾	420,000	01/27/2005 01/27/2015	Common Stock, \$.001 par value per share
Option to Purchase Common Stock	\$ 0.16	09/29/2005	A ⁽³⁾	945,000	⁽⁴⁾ 09/29/2015	Common Stock, \$.001 par value per share
Option to Purchase Common Stock	\$ 0.21	09/26/2006	A ⁽³⁾	300,000	⁽⁴⁾ 09/26/2016	Common Stock, \$.001 par value per share

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Smith Arthur L 3201 CHERRY RIDGE BUILDING C, SUITE 300 SAN ANTONIO, TX 78230	X		President	

Signatures

Arthur L Smith 10/30/2006

⁽¹⁾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) Grant Pursuant to 2004 Stock Plan

(2) Forfeitted to Issuer

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(3) Grant Pursuant to 2005 Incentive Compensation Plan

(4) Exercisable 33% on date of grant, 33% vested after one year from the date of grant, and 33% vested after two years from the date of grant.

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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