

Smith Arthur L  
 Form 4  
 October 30, 2006

**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 \*  
 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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of 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	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 Underlying Security
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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)		Title	(Instr. 3 and 4)
				(A)	(D)	Date Exercisable	Expiration Date		
Option to Purchase Common Stock	\$ 0.46	01/27/2005	A <sup>(1)</sup>	420,000		01/27/2005	01/27/2015	Common Stock, \$.001 par value per share	4
Option to Purchase Common Stock	\$ 0.46	09/29/2005	D <sup>(2)</sup>		420,000	01/27/2005	01/27/2015	Common Stock, \$.001 par value per share	4
Option to Purchase Common Stock	\$ 0.16	09/29/2005	A <sup>(3)</sup>	945,000		<sup>(4)</sup>	09/29/2015	Common Stock, \$.001 par value per share	9
Option to Purchase Common Stock	\$ 0.21	09/26/2006	A <sup>(3)</sup>	300,000		<sup>(4)</sup>	09/26/2016	Common Stock, \$.001 par value per share	3

**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  
 \_\_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) 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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