Smith Arthur L
Form 4
October 30, 2006

FORM 4

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

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

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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).

(Print or Type Responses)

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

(Last) (First) (Middle)

3201 CHERRY RIDGE, BUILDING C, SUITE 300

(Street)

SAN ANTONIO, TX 78230

(City) (State) (Zip)

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

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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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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

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)	Date Exercisable	Expiration Date	Title	A N S
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	4
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	4
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	9
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	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 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

(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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