



*United States Attorney  
Southern District of New York*

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**THREE STOCK BROKERS SENTENCED IN MANHATTAN FEDERAL  
COURT FOR MANIPULATING STOCK OF SMART ONLINE**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that stock brokers ANTHONY MARTIN and ALAIN LUSTIG were sentenced today to 57 months and 28 months in prison, respectively, on securities fraud charges arising from a scheme to manipulate the stock of Smart Online. RUBEN SERRANO received a sentence of three years' probation on the charges. All three defendants were ordered to pay restitution to victims. United States District Judge DENNY CHIN imposed the sentences this afternoon in Manhattan federal court.

According to the evidence at trial, the Superseding Indictment filed in this case, and statements made in Manhattan federal court during MARTIN's trial and LUSTIG and SERRANO's plea proceedings:

Smart Online develops and markets Internet-delivered software and data resources to operate small businesses. It began trading on the Over-The-Counter Bulletin Board under the symbol SOLN in April 2005. From May 2005 through July 2007, MARTIN, LUSTIG, and SERRANO accepted secret cash payments, typically one dollar per share, in order to induce their clients to purchase Smart Online stock. The clients were unaware of the payments. This trading created a false sense of genuine market interest in Smart Online stock.

On May 14, 2009, MARTIN, LUSTIG, and SERRANO were each charged in a Superseding Indictment with one count of conspiracy to commit securities fraud, wire fraud, and commercial bribery; and one substantive count of securities fraud. Also charged in that Superseding Indictment were DENNIS MICHAEL NOURI, Smart Online's CEO, and REZA ERIC NOURI, a Smart Online employee and Nouri's brother. The NOURIS were each charged with nine counts,

including conspiracy, securities fraud, wire fraud, and commercial bribery.

On July 2, 2009, a jury found MARTIN, 50, DENNIS NOURI, and REZA NOURI guilty of all counts against them. Prior to trial, LUSTIG, 40, and SERRANO, 57, each pleaded guilty to both counts with which they were charged.

In addition to the prison and probation terms, Judge CHIN sentenced MARTIN to two years of supervised release and ordered him to pay restitution of \$344,838 to victims and forfeiture of \$15,000; LUSTIG to two years of supervised release and ordered him to pay restitution of \$202,935 to victims and forfeiture of \$15,000; and SERRANO to pay restitution of \$180,810 to victims and forfeiture of \$25,712.

The NOURIS are scheduled to be sentenced on February 17, 2010.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and thanked the United States Securities and Exchange Commission for its assistance.

Assistant United States Attorney REED M. BRODSKY is in charge of the prosecution.

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