



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
May 22, 2009

CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL,
JANICE OH
PUBLIC INFORMATION OFFICE
(212) 637-2600

TWO STOCK BROKERS PLEAD GUILTY TO
MANIPULATING STOCK OF SMART ONLINE

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced today that stock brokers ALAIN LUSTIG and RUBEN SERRANO pleaded guilty in Manhattan federal court to securities fraud charges arising from a scheme to manipulate the stock of Smart Online. LUSTIG pleaded guilty today before United States Magistrate Judge GABRIEL W. GORENSTEIN, and SERRANO pleaded guilty on May 19, 2009, before United States District Judge DENNY CHIN.

According to the superseding Indictment filed in Manhattan federal court and statements made at the defendants' plea proceedings:

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

LUSTIG, 39, and SERRANO, 56, each pleaded guilty to Count One of the superseding Indictment, charging conspiracy to commit securities, wire fraud, and commercial bribery, and Count Two, charging securities fraud. The conspiracy charge carries a maximum sentence of 5 years in prison and a maximum fine of the greater of \$250,000, or twice the gross gain or loss from the offense. The securities fraud charge carries a maximum sentence of 20 years in prison and a maximum fine of \$5 million, or twice the gross gain or loss from the offense. LUSTIG and SERRANO are scheduled to be sentenced by Judge CHIN on August 19, 2009, at 2 p.m.

The remaining defendants charged in the superseding Indictment-DENNIS MICHAEL NOURI, Smart Online's CEO; his brother, REZA ERIC NOURI, a Smart Online employee; and ANTHONY MARTIN, a broker-are scheduled for trial on June 15, 2009. As to those defendants, the charges in the superseding Indictment are merely allegations and they remain innocent unless and until proven guilty.

Mr. DASSIN 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 Attorneys REED M. BRODSKY and JESSICA A. ROTH are in charge of the prosecution.

09-159

###