



*United States Attorney  
Southern District of New York*



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**CEO OF SMART ONLINE AND HIS BROTHER SENTENCED  
TO PRISON FOR MANIPULATION OF COMPANY STOCK**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that DENNIS MICHAEL NOURI, the former Chief Executive Officer ("CEO"), President, and Chairman of the Board of Directors of Smart Online, was sentenced yesterday to 96 months in prison and REZA ERIC NOURI, a former Smart Online employee and brother of the CEO, was sentenced to 18 months in prison following their convictions after a three-week jury trial before United States District Judge DENNY CHIN.

According to the Superseding Indictment, the evidence at trial, and statements made at the sentencing proceeding:

From May 2005 through July 2007, DENNIS MICHAEL NOURI and REZA ERIC NOURI engaged in a fraudulent scheme designed to manipulate the price of the securities of Smart Online, which was publicly traded on the OTC-Bulletin Board. As part of the scheme, the NOURIS bribed brokers and committed other illegal acts to sell Smart Online stock to customers so that the price of the stock went up.

In recorded conversations that took place after the Securities and Exchange Commission ("SEC") suspended trading of Smart Online stock on the NASDAQ, DENNIS MICHAEL NOURI described how to lie to investigators to cover up the scheme and how to conceal the nature of the illegal kickbacks to brokers. In another meeting, DENNIS MICHAEL NOURI took a cooperating broker's cell phone to delete a phone number the broker had been using to contact him, and gave the broker a number to call when speaking with him in the future.

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DENNIS MICHAEL NOURI was sentenced to 96 months in prison on one count of conspiracy to commit securities fraud, wire fraud, and commercial bribery, one count of securities fraud, three counts of wire fraud, and one count of commercial

bribery. REZA ERIC NOURI was sentenced to 18 months in prison for separate counts of conspiracy, wire fraud, commercial bribery, and securities fraud.

During the hearing, Judge CHIN stated that DENNIS MICHAEL NOURI "engaged in a significant fraud. It was brazen fraud. Bribing brokers, cash payments, trying to get people to lie. . . . I do believe that Mr. Nouri was in essence stealing from the company as well as hurting the victims we heard from at trial."

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and thanked the SEC for its assistance in this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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

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