



2. In order to do so, Michael Nouri began paying bribes to stock brokers to solicit customers to purchase Smart Online stock. Michael Nouri paid bribes to Individual A, Individual B, and defendants Martin, Doolan, Serrano and Lustig (all brokers at brokerage firms).

3. In total, between May 2005 and January 2006, Michael Nouri paid over \$170,000 to brokers who sold more than 267,000 shares of Smart Online stock (or approximately 10% of the trading volume during the period) to investors. Michael Nouri concealed the bribes as “consulting fees” paid pursuant to sham consulting agreements. The brokers did not disclose to their customers that they were receiving bribes to sell Smart Online stock and Michael Nouri understood that this would be concealed from the customers.

4. During the scheme, Eric Nouri also negotiated bribe payments to Individual A and directed Individual A to purchase stock at various amounts and prices.

5. By late 2005, Smart Online had qualified for listing on the NASDAQ. On January 17, 2006, the day that Smart Online was scheduled to begin trading on the NASDAQ, the Commission suspended trading of the stock. Smart Online stock did not trade on the NASDAQ.

6. The Defendants, directly or indirectly, have engaged in transactions, acts, practices and courses of business which constitute violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.



















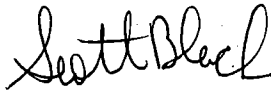
IV.

Enter a Final Judgment pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. §78u(d)(2), permanently prohibiting Michael Nouri from serving as an officer or director of any issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act, 15 U.S.C. §78l, or that is required to file reports with the Commission pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. §78o(d).

V.

Grant such other and further relief as the Court may deem just and appropriate.

Dated: September 11, 2007  
New York, New York



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