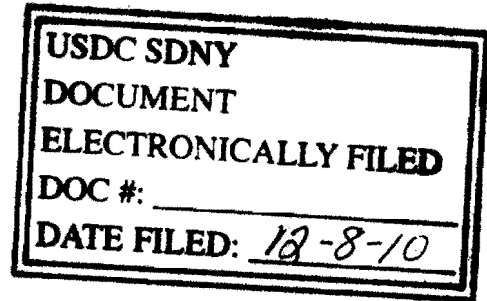


Catel, J

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

SMART ONLINE, INC., ET AL.,

Defendants.

07 Civ. 7960 (PKC)

STIPULATION AND ORDER

The Securities and Exchange Commission ("SEC") having filed a Complaint and Defendant Alain Lustig ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; and waived any right to appeal from this Stipulation and Order:

IT IS HEREBY STIPULATED AND AGREED BY Plaintiff SEC and Defendant, by and through their undersigned counsel, that:

WHEREAS, on July 30, 2009, the Court entered a Partial Judgment of Permanent Injunctive Relief and Other Relief by Consent Against Alain Lustig (the "Partial Judgment"),

granting certain relief against Defendant, with issues related to Defendant's disgorgement and civil penalties to be determined by agreement of the parties, or failing that, by the Court;

WHEREAS, on May 22, 2009, Defendant pled guilty to conspiracy to commit securities fraud [18 U.S.C. § 371] and securities fraud [15 U.S.C. § 78] in United States v. Nouri, 07 Cr. 1029 (S.D.N.Y.)(DC), and was sentenced to 28 months imprisonment, 2 years supervised release, ordered to forfeit \$15,000, and pay \$202,935 in restitution;

WHEREAS, based on Defendant's criminal sentence, forfeiture, and restitution order, Plaintiff SEC has determined to dismiss its claims for disgorgement, prejudgment interest, and civil penalties against Defendant, and Defendant consents to this dismissal;

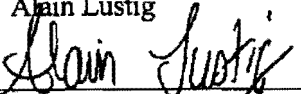
IT IS HEREBY ORDERED that Plaintiff SEC's claims for disgorgement, prejudgment interest, and civil penalties are hereby dismissed with prejudice, and the Partial Judgment entered on July 30, 2009 shall be deemed the Final Judgment against Defendant in this case.

Securities and Exchange Commission

By: 
Sheldon Mui

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New York, NY 10281

Alain Lustig

By: 
Alain Lustig

Defendant
FCI Fort Dix
P.O. Box 2000
Fort Dix, NJ 08640

Dated: 12/7/2010


UNITED STATES DISTRICT JUDGE

BC