

**Must Be
Postmarked
No Later Than
February 25, 2013**

Smart Online Securities Litigation – Sherb Settlement
Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box 9349
Dublin, OH 43017-4249
1-800-231-1815
www.gcginco.com/cases/SmartOnlineSherbSettlement

SM1



Claim Number:

Control Number:

PROOF OF CLAIM AND RELEASE

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Important - This form should be completed **IN CAPITAL LETTERS** using **BLACK** or **DARK BLUE** ballpoint/fountain pen. Characters and marks used should be similar in the style to the following:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 1 2 3 4 5 6 7 0


PART I - CLAIMANT IDENTIFICATION
LAST NAME (CLAIMANT)
FIRST NAME (CLAIMANT)
Last Name (Beneficial Owner if Different From Claimant)
First Name (Beneficial Owner)
Last Four Digits of the Beneficial Owner's Employer Identification Number or Social Security Number¹
Last Name (Co-Beneficial Owner)
First Name (Co-Beneficial Owner)
Company/Other Entity (If Claimant Is Not an Individual)
Contact Person (If Claimant is Not an Individual)
Trustee/Nominee/Other
Account Number (If Claimant Is Not an Individual)
Trust/Other Date (If Applicable)
Address Line 1
Address Line 2 (If Applicable)
City
State
Zip Code
Foreign Province
Foreign Country
Foreign Zip Code
Telephone Number (Day)
Telephone Number (Night)
Email Address (Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)

IDENTITY OF CLAIMANT (check only one box):

- Individual
 Joint Owners
 Estate
 Corporation
 Trust
 Partnership
 Private Pension Fund
 Legal Representative
 IRA, Keogh, or other type of individual retirement plan (indicate type of plan, mailing address, and name of current custodian)
 Other (specify, describe on separate sheet)

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at www.gcginc.com or you may email the Claims Administrator at eClaim@gcginc.com. Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at eClaim@gcginc.com to inquire about your file and confirm it was received and acceptable.

¹The last four digits of the taxpayer identification number (TIN), consisting of a valid Social Security Number (SSN) for individuals or Employer Identification Number (EIN) for business entities, trusts, estates, etc., and telephone number of the beneficial owner(s) may be used in verifying this claim.



PART II - GENERAL INSTRUCTIONS

1. To recover as a member of the class based on your claims against Defendant Sherb & Co., LLP (“Sherb”) in the action entitled *Beauregard v. Smart Online, Inc., et al.*, Case No. 07-CV-00785-WO-PTS (the “Action”), you must have completed and executed a Proof of Claim and Release form.

2. If you previously submitted a complete, valid and timely Proof of Claim and Release form in connection with the First Partial Settlement that was not rejected by the Claims Administrator, you do **NOT** have to complete this Proof of Claim form and the Claims Administrator will calculate your claim based on your prior Proof of Claim and Release form. You must, however, submit the enclosed Form B that contains the release of claims against Sherb as provided for in the Second Partial Settlement and return that form to: The Garden City Group, Inc. at the address indicated below. If you are a Member of the Second Partial Settlement Class and you previously submitted a timely, valid Proof of Claim and Release in connection with the First Partial Settlement with Smart Online, you shall be deemed to have filed a timely, valid Proof of Claim and Release Form in connection with this Second Partial Settlement.

3. If you did **NOT** previously submit a complete, valid and timely Proof of Claim and Release form in connection with the First Partial Settlement, you must complete and, on page 8 hereof, sign this Proof of Claim and Release. If you fail to file a properly addressed (as set forth in paragraph 5 below) Proof of Claim and Release, your claim may be rejected and you may be precluded from any recovery from the Sherb Settlement Fund created in connection with the proposed settlement of the Action with Defendant Sherb (“Second Partial Settlement”).

4. Submission of this Proof of Claim and Release (as well as submission of a Proof of Claim and Release in the First Partial Settlement), however, does not ensure that you will share in the proceeds of settlement in the Action.

5. **YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE POSTMARKED ON OR BEFORE FEBRUARY 25, 2013, ADDRESSED AS FOLLOWS:**

Smart Online Securities Litigation – Sherb Settlement
Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box 9349
Dublin, OH 43017-4249

If you are NOT a Member of the Settlement Class, as defined in the Notice of Pendency and Proposed Settlement of Class Action (“Notice”), DO NOT submit a Proof of Claim and Release form.

6. If you are a Member of the Settlement Class, you are bound by the terms of any judgment entered in the Action, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE FORM unless you timely and validly request exclusion from the Settlement Class pursuant to the Notice.

DEFINITIONS

1. “Sherb” means Sherb & Co., LLP.

2. “Smart Online” means Smart Online, Inc. and/or their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, agents, employees, attorneys, advisors, and investment advisors but expressly does not include the Excluded Defendants;

3. “Defendants” means Smart Online, Maxim Group LLC (“Maxim”), Nicholas A. Sinigaglia (“Sinigaglia”), Scott Whitaker (“Whitaker”), David E.Y. Sarna (“Sarna”), Dennis Michael Nouri, Reza Eric Nouri, Henry Nouri, Ronna Nouri, Frank C. Coll (“Coll”), C. James Meese, Jr. (“Meese”), Philippe Pouponnot (“Pouponnot”), Shlomo Elia (“Elia”), Jeffrey W. Lerosé (“Lerosé”), Thomas P. Furr (“Furr”), Sherb, Ruben Serrano (“Serrano”), Alan Lustig (“Lustig”), Anthony Martin (“Martin”), James Doolan (“Doolan”), and Jesup & Lamont Securities Corp. (“Jesup & Lamont”).

4. “Excluded Defendants” means Serrano, Lustig, Martin, and Doolan.



PART II - GENERAL INSTRUCTIONS

CLAIMANT IDENTIFICATION

1. If you purchased or acquired Smart Online securities and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled "Claimant Identification" to identify the beneficial purchaser of Smart Online securities which form the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIALPURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS OF THE SMART ONLINE SECURITIES UPON WHICH THIS CLAIM IS BASED.**

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of Persons represented by them; their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

CLAIM FORM

1. Use Part III of this form entitled "Schedule of Transactions in Smart Online Securities" and Part IV of this form entitled "Schedule of Transactions in Call Options or Put Options on Smart Online Shares" to supply all required details of your transaction(s) in Smart Online securities. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

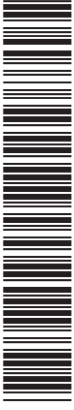
2. On the schedules, provide all of the requested information with respect to **all** of your purchases or acquisitions and **all** of your sales of Smart Online securities which took place at any time beginning May 2, 2005 through September 28, 2007, inclusive (the "Class Period"), whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

3. List each transaction in the Class Period separately and in chronological order by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

4. Broker confirmations or other documentation of your transactions in Smart Online securities should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

5. The above requests are designed to provide the minimum amount of information necessary to process the simplest claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your losses. In some cases where the Claims Administrator cannot perform the calculation accurately or at a reasonable cost to the Settlement Class with the information provided, the Claims Administrator may condition acceptance of the claim upon the production of additional information and/or the hiring of an accounting expert at the Claimant's cost. If you previously submitted a timely Proof of Claim form in connection with the First Partial Settlement, you may skip steps 1-4 above as reflected in Part III below and instead check the box appearing on page 5 indicating that your previously-submitted Proof of Claim is accurate.

PART IV - SCHEDULE OF TRANSACTIONS IN CALL OPTIONS OR PUT OPTIONS ON SMART ONLINE SHARES



Security Type: Call Options = A; Put Options = B

A. BEGINNING POSITION: At the open of business on **May 2, 2005** I owned the following call options or put options on Smart Online shares (must be documented):

Security Type (See Above)	Date of Purchase (List Chronologically) (Month/Day/Year)	Number of Option Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Purchase Price Per Option Contract	Amount Paid (net of commissions, taxes, and fees)	Insert an "E" if Exercised or an "X" if Expired	Exercise Date (Month/Day/Year)
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B. PURCHASES: I made the following purchases of call or put options on Smart Online shares between **May 2, 2005**, through and including **September 28, 2007** (must be documented):

Security Type (See Above)	Date of Purchase (List Chronologically) (Month/Day/Year)	Number of Option Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Purchase Price Per Option Contract	Amount Paid (net of commissions, taxes, and fees)	Insert an "E" if Exercised or an "X" if Expired	Exercise Date (Month/Day/Year)
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C. SALES: I made the following sales of the above call options or put options on Smart Online shares which were purchased on or before **September 28, 2007** (include all such sales no matter when they occurred) (must be documented):

Security Type (See Above)	Date of Sale (List Chronologically) (Month/Day/Year)	Number of Option Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Sale Price Per Option Contract	Amount Received (net of commissions, taxes, and fees)
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IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU **MUST** PHOTOCOPY THIS PAGE AND CHECK THIS BOX IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL **NOT** BE REVIEWED



PART V - SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Stipulation and Agreement of Partial Class Settlement with Defendant Sherb & Co., LLP dated as of November 21, 2012 ("Stipulation") described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Middle District of North Carolina, with respect to my (our) claim as a Settlement Class Member (as defined in the Notice) and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree to furnish additional information to Lead Plaintiff's Counsel to support this claim if required to do so. Other than a Proof of Claim submitted previously in connection with the First Partial Settlement in this case, I (We) have not submitted any other claim covering the same purchases or sales of Smart Online securities during the Class Period and know of no other Person having done so on my (our) behalf.

PART VI - RELEASE AND CERTIFICATION

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release, relinquish and discharge all of the Released Claims.

2. "Released Claims" means all claims, including Unknown Claims, demands, rights, liabilities and causes of action arising out of, relating to, or in connection with the purchase or acquisition of Smart Online securities during the Class Period and the matters alleged or that could have been alleged in the Action, which arise from or relate to the allegations in the Complaint, or that have been or could have been asserted in the Action, against Sherb or its past or present subsidiaries, parents, successors and predecessors, officers, directors, agents, employees, attorneys, advisors, investment advisors, auditors, accountants, insurance carriers and any person, firm, trust, corporation, officer, director or other individual or entity in which Sherb has a controlling interest, or which is related to or affiliated with Sherb and the legal representatives, heirs, successors in interest or assigns of Sherb ("Released Parties"), as well as any claims in connection with the institution, prosecution or settlement of the Action. Released Claims expressly does not include any claims against the Excluded Defendants.

3. "Unknown Claims" means any Released Claims which the Lead Plaintiff and each Settlement Class Member, respectively, does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, which, if known by him, her or it, might have affected his, her or its settlement with, and release of, the Released Parties, or might have affected his, her or its decision not to object to this Second Partial Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiff and Sherb shall be deemed to have, and by operation of the Judgments shall have, waived the provisions, rights and benefits of California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The Lead Plaintiff and Sherb shall be deemed to have, and by operation of the Judgment shall have, waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiff and Defendant Sherb may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the Released Claims but the Lead Plaintiff and Sherb, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, respectively, known or unknown, suspected or unsuspected, contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden, which now exist or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Lead Plaintiff, Settlement Class Members, and Sherb shall be deemed by operation of the Judgment to have acknowledged that the foregoing waivers were separately bargained for and are key elements of the Settlement of which this release is a part.

4. This release shall be of no force or effect unless and until the Court approves the Stipulation and it becomes effective on the Effective Date.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in Smart Online securities that occurred during the Class Period as well as the number and type of Smart Online securities held by me (us) at the opening of trading on May 2, 2005, and at the close of trading on September 28, 2007.



PART VI - RELEASE AND CERTIFICATION

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this ____ day of _____ in _____
(Month) (Year) (City, State, Country)

Signature of Claimant

Date

Print your name here

Signature of Joint Claimant, if any

Date

Print your name here

If the Claimant is other than an individual, or is not the person completing this form, the following also must be provided:

Signature of person signing on behalf of Claimant

Date

Print your name here

Capacity of person signing on behalf of Claimant, if other than an individual, e.g., executor, president, custodian, etc.



REMINDER CHECKLIST

1. Complete this Proof of Claim and Release if you did not previously submit a Proof of Claim and Release in connection with the earlier partial settlement.
2. Please sign the Proof of Claim and Release.
3. If this claim is made on behalf of Joint Claimants, then both must sign.
4. Please remember to attach supporting documents. (Supporting documents include trade confirmations, official monthly, quarterly or annual brokerage statements).
5. **DO NOT SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.**
6. If you aggregated accounts, be sure to include supporting documents for all accounts.
7. Keep a copy of your Proof of Claim and all documentation submitted for your records.
8. The Claims Administrator will acknowledge receipt of your Proof of Claim by regular or electronic mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgment postcard or email. If you do not receive an acknowledgment postcard or email within 60 days, please call the Claims Administrator toll free at **1-800-231-1815**.
9. If you move, you must send us your new address. Otherwise, any funds allocated to your claim are subject to forfeiture.
10. **Do not use highlighter on the Proof of Claim or supporting documentation.**

THIS PROOF OF CLAIM MUST BE POSTMARKED ON OR BEFORE
FEBRUARY 25, 2013 AND MUST BE MAILED TO:

Smart Online Securities Litigation – Sherb Settlement
Claims Administrator
c/o The Garden City Group, Inc.
PO Box 9349
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