

## **Mobile Billboard trial set to begin**

### ***Hollenbeck asks court to bar old allegations***

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Former Kernersville financial counselor Scott Hollenbeck is asking a federal court to exclude allegations of past wrongdoing as he awaits the start of his trial this week on charges of mail fraud and conspiracy, court documents show.

Hollenbeck faces trial on federal charges of conspiracy and mail fraud in connection with his role as a salesman for Mobile Billboards of America, a truck-mounted billboard program that failed in 2004 amid allegations that it was a Ponzi scheme.

As of Friday, the court schedule called for an arraignment and motions to be heard on the case today, with jury selection Tuesday and the trial to start after that.

Hollenbeck will be tried along with others affiliated with Mobile Billboards of America. He has maintained that he never knew there was anything fraudulent about the investment.

Court documents filed Friday showed that Michael A. Lomas of California, one of the originators of the Mobile Billboards program and one of those charged alongside Hollenbeck, has signed a plea agreement and will testify for the government if called. The court schedule indicates that Arthur J. Anderson, the only other sales agent charge in the case, also is entering a plea agreement.

More than 100 people, many from central North Carolina and many of whom were retired, invested millions of dollars into Mobile Billboards of America through Hollenbeck. The government says that Mobile Billboards used money from new investors to pay interest to others and that there was little actual billboard business being done.

The prosecution has filed documents showing that many people who bought investments from Hollenbeck will be witnesses at the trial. They include members of his former church, Gospel Light Baptist Church in Walkertown.

Hollenbeck's attorney filed a motion Friday with the federal court in Raleigh to prevent prosecutors from bringing up suspected "bad acts" from Hollenbeck's past, and other actions he said were unrelated to the Mobile Billboards case. Among those past actions:

- That Hollenbeck embezzled money in the late 1980s from Fairhaven Baptist College in Chesterton, Ind.
- That Hollenbeck used false entries and forged insurance documents in the early 1990s while employed by Prudential Securities in Natrons Heights, Pa.
- That Hollenbeck sold or attempted to sell investments other than Mobile Billboards, including the Accumulator Program, Capstone Private Equity Fund, Disciples Trust, ETS Payphones, Fannie Mae Bundled Mortgage Program, Franklin Asset Exchange, Merchant Capital, National Payphone, Phoenix Telecom, Reliance Trust, Webb Group funds, and Wells Fargo Fixed Income Program.
- That Hollenbeck created fake surety-bond documents that supposedly protected his customers from potential loss.

□ That Hollenbeck violated his contract as a broker with FSC Securities by selling the Mobile Billboards investment.

The motion is in response to an action just before Christmas, when prosecutors filed documents with the court to allow the introduction of "evidence of other crimes" including the items mentioned above.

Federal court rules allow the government to bring up evidence of other crimes besides the ones charged in certain instances.

Hollenbeck's attorney, C. Scott Holmes, argues in his latest motion that bringing up the older allegations against Hollenbeck could unfairly prejudice a jury against Hollenbeck.

Holmes said that the Fairhaven allegations are 20 years old and do not relate to the alleged sale of fraudulent investments. He said that the Prudential allegation arose because Hollenbeck bought an insurance policy for his sister and her husband while they were working as missionaries, and that Hollenbeck signed the documents on their behalf and with their consent.

The non-Mobile Billboard investments are not relevant to the question of whether Hollenbeck promoted a fraudulent billboard scheme, Hollenbeck's attorney said. And Hollenbeck's FSC contract doesn't relate to whether he committed fraud in relation to the billboard sales, Holmes said.

Hollenbeck has been living in Florida since 2005, when FBI agents raided his Kernersville house and seized business documents and personal possessions. After his indictment in May, the court restricted Hollenbeck's movement to the Orlando area in Florida, the Raleigh court and his attorney's office in Durham. Hollenbeck has told the court he has no money and is unemployed.

Hollenbeck recently asked the court to allow him to stay with "friends and relatives" in central North Carolina during his trial, but prosecutors are opposing that request.

Prosecutors said they are concerned that if Hollenbeck stays in central North Carolina he may be in "direct or indirect contact" with many trial witnesses, including the "close-knit community tied to the Gospel Light Baptist Church."

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