

## **Jury gets billboards fraud case**

### ***Scott Hollenbeck is accused of taking part in investment scheme***

By Wesley Young

JOURNAL REPORTER

Saturday, February 2, 2008

RALEIGH

A former Kernersville financial counselor lied when he gave clients a certificate that appeared to protect their investments, federal prosecutors said yesterday during closing arguments of a trial involving a collapsed investment scheme.

Jury deliberations will begin on Monday.

Scott Hollenbeck, a former Kernersville resident, is being tried in U.S. District Court along with Barry Maloney, a lawyer from Washington, and Laurinda Holohan, a woman from Ohio.

Each faces one count of conspiracy and multiple counts of mail fraud in connection with the Mobile Billboards investment scheme. The trial started Jan. 7.

Hollenbeck did not take the stand during the trial. He has lived in Florida since 2005.

Hollenbeck was the top salesman for Mobile Billboards between 2001 and 2004, when the investment scheme failed amid allegations that it was a Ponzi scheme.

Investors lost millions, prosecutors said.

According to earlier testimony from Hollenbeck's clients, Hollenbeck had given them a document called a surety bond and told them that it protected their money.

"He was telling victims, 'Don't worry, if something happens to Mobile Billboards, I've got these surety bonds,'" prosecutor Clay Wheeler told the jury. "These were lies.... If you believe what you are selling is legitimate, you don't need fake insurance documents to sell it."

Scott Holmes, Hollenbeck's attorney, said that no direct evidence in the trial had shown that Hollenbeck knew that Mobile Billboards was a scam before the enterprise collapsed - or that Hollenbeck wanted to defraud anyone.

Holmes said that it "makes no sense" that Hollenbeck would have tried to defraud such investors as fellow church members and even his own aunt.

Holmes suggested that Hollenbeck had been led to believe that the bond document provided coverage to investors, adding that his use of the document at least shows that Hollenbeck acted in isolation and not as part of a conspiracy.

Earlier, Michael Lomas, who was the chairman of Mobile Billboards, had testified he never told Hollenbeck to give investors the bond document. Lomas was indicted along with Hollenbeck and the others, but he pleaded guilty to one count of mail fraud as part of a plea bargain.

The surety bond wasn't the only evidence that federal prosecutors claimed as showing criminal intent by Hollenbeck.

They pointed to a letter that Hollenbeck wrote to investors that said - incorrectly - that their

investments in Mobile Billboards had been transferred to another fund.

They said that Hollenbeck's involvement in an earlier, and similar, pay-phone investment that went sour should have given him a "heads up" about such schemes.

Hollenbeck's attorney said that the allegations didn't connect Hollenbeck to a conspiracy, but prosecutors said that Lomas needed people "willing to do their part" in a scheme to defraud investors.

■ Wesley Young can be reached at 992-0067 or at [wyoung@wsjournal.com](mailto:wyoung@wsjournal.com).