

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

MOBILE BILLBOARDS OF AMERICA,
INC., INTERNATIONAL PAYPHONE
COMPANY, RESERVE GUARANTY
TRUST, MICHAEL A. LOMAS and
MICHAEL L. YOUNG,

Defendants.

CIVIL ACTION NO.

1:04-CV-2763-WBH

**RECEIVER'S EMERGENCY MOTION TO ADD RECEIVERSHIP
DEFENDANT, TO CORRECT CAPTION AND AMEND RECEIVERSHIP
ORDER AND BRIEF IN SUPPORT THEREOF**

S. Gregory Hays, Receiver (“the Receiver”) files this Emergency Motion and Brief asking that this Court, on an expedited basis, add Tiger Media, Inc. as a defendant in this action and include it as a part of the Receiver Estate established pursuant to the receivership order entered in this action on September 21, 2004. Moreover, the Receiver requests that the caption of this case be changed and the original receivership order be amended to reflect that “International Payphone Corporation” is the corporate name of defendant Outdoor Media Industries rather than “International Payphone Company.” In support of this Emergency Motion, the Receiver shows this Court as follows:

Factual Summary

The Receiver was appointed by this Court and, among other things, directed to marshal the assets of the Receiver Estates – i.e., Mobile Billboards of America, Inc. (“Mobile Billboards”), International Payphone Company [sic] d/b/a Outdoor Media Industries (“Outdoor Media”) and Reserve Guaranty Trust – and to account for the proceeds of the offering that is the subject of the SEC’s complaint.¹ If the Receiver is able to locate assets and/or otherwise effect recoveries, they will be used in the administration of the Receiver Estates, with any remaining amounts distributed to the investors pursuant to the terms of a court-approved Plan of Distribution.

Even though the Receiver’s work is in its earliest stages, he has already determined that there is a fourth corporation that was an integral part of the business enterprise that is the subject of this action. As more fully set forth in the Receiver’s declaration, which has been filed contemporaneously herewith, Tiger Media, Inc. (“Tiger Media”) was the entity through which advertising contracts were sold for the billboards paid for with proceeds of the subject offering. Tiger Media has some amount of cash on hand, as well as accounts receivable that are

¹ See, Order Granting Permanent Injunctions, Freezing Assets, Appointing a Receiver and Ordering Other Ancillary Relief as to Defendants Mobile Billboards of America, Inc., International Payphone Company and Reserve Guaranty Trust (“the Receivership Order”).

due and owing and may have ongoing advertising contracts that will generate additional revenue. (Receiver's Declaration, ¶ 11.)

Though its office was purported to be in Norcross, Georgia, its principal business operation was conducted from an office in Bridgeton, Missouri, where both Mobile Billboards and Outdoor Media had their offices. (Receiver's Declaration, ¶ 9.) Along with the three entities already in receivership, it was held out to be a part of the overall enterprise. (Receiver's Declaration, ¶ 9.) Its board of directors was virtually identical to that of Mobile Billboards and Outdoor Media, and its accounting and bookkeeping were done as a part of the overall bookkeeping for the business enterprise. (Receiver's Declaration, ¶¶ 8-9.) Most importantly, the advertising revenue generated by and paid to Tiger Media is directly attributable to assets purchased with money paid to Mobile Billboards by individual investors. (Receiver's Declaration, ¶ 12.) Accordingly, for the Receiver to have direction and control over the entire business operation that is the subject of this action, Tiger Media must be included in the Receiver Estates.

In addition, when Mobile Billboards and Outdoor Media ceased business operations, so did Tiger Media. (Receiver's Declaration, ¶ 10.) As a result, there is no person in place to collect the receivables, manage the contracts and attempt to realize the value of any other assets. As time passes, this will be increasingly

difficult. (Receiver's Declaration, ¶ 15.) Therefore, it is important that Tiger Media be added quickly so that these values, if any, can be preserved.

Citation of Authority

In relevant part, Fed. R. Civ. Pro. 19 (a) – Joinder of Persons Needed for Just Adjudication – provides:

Persons to be Joined if Feasible. A person who is subject to service of process and whose joinder will not deprive the court of jurisdiction over the subject matter of the action shall be joined as a party in the action if (1) in the person's absence, complete relief cannot be accorded among those already parties . . .

Tiger Media falls squarely within the ambit of this rule. It is subject to service of process; its joinder as a defendant will not deprive the court of jurisdiction; and, most importantly, its inclusion in the receivership is necessary to afford complete relief here.

If the Court is not persuaded that Tiger Media is necessary under Rule 19, then Fed. R. Civ. Pro. regarding permissive joinder provides another basis for adding it as a defendant. In relevant part, Rule 20 provides:

Permissive Joinder. All persons . . . may be joined in one action as defendants if there is asserted against them jointly, severally, or in the alternative, any right to relief in respect of or arising out of the same transaction, occurrence, or series of transactions or occurrences and if any question of law or fact common to all defendants will arise in the action.

Again, Tiger Media falls squarely within the parameters of this rule. The allegations made against the defendants apply with equal force to Tiger Media. It is an important part of the series of transactions and occurrences that are the subject of the SEC's complaint.

Other than the rules themselves, there does not appear to be controlling authority regarding the joinder issues presented here. However, it is evident that the decision to add Tiger Media is well within the discretion of this Court. *See e.g., Ford Plantation, LLC v. Black*, 205 F.R.D. 698 (S.D. Ga. 2000). The facts make clear that Tiger Media was a part of the business enterprise that was placed in receivership. For full relief to be obtained, it, too, should be a part of the Receiver Estates. Accordingly, the Receiver requests that Tiger Media be added as a defendant and placed under the Receiver's direction and control in accordance with the terms and provisions of the Receivership Order dated September 21, 2004.

Finally, it is now evident that the actual corporate name for Outdoor Media is International Payphone Corporation, not International Payphone Company. Because this entity has bank accounts and owns assets that the Receiver may be able to operate or sell, it is important that the name of the corporate entity be reflected properly in the caption of the case and in other papers filed with this Court. It is essential that the Receiver's authority to act on behalf of this corporation be clear, not only to the parties, but to creditors and other third-parties.

Therefore, the Receiver requests that this Court enter an order directing that the caption of the case be changed to reflect the correct name of the corporation and amending the Receivership Order to make clear that International Payphone Corporation is the entity in receivership.

Conclusion

Tiger Media should be included in this receivership. It was part of the business enterprise that made use of the proceeds of the offering that is the subject of this action. Complete relief cannot be had here if it remains outside the receivership. As a practical matter, if it is not added quickly, the value of its assets, if any, will likely deteriorate even further. Finally, for the Receiver to do his job effectively, the name of one of the defendants in receivership should be changed to International Payphone Corporation to reflect its corporate name. Accordingly, the Receiver requests that this Emergency Motion be granted.

This 13th day of October 2004.

s/ J. David Dantzler, Jr., Esq.

Georgia Bar No. 205125

Attorney for S. Gregory Hays, Receiver
for Defendants Mobile Billboards of
America, Inc., International Payphone
Company, and Reserve Guaranty Trust

McKENNA LONG & ALDRIDGE LLP

303 Peachtree Street, Suite 5300

Atlanta, GA 30308

Telephone: (404) 527-4660

Email: ddantzler@mckennalong.com

CERTIFICATE OF SERVICE

This is to certify that on October 13, 2004, I electronically filed RECEIVER'S EMERGENCY MOTION TO ADD RECEIVERSHIP DEFENDANT, TO CORRECT CAPTION AND AMEND RECEIVERSHIP ORDER AND BRIEF IN SUPPORT THEREOF with the Clerk of Court using the CM/ECF system which will automatically send email notification of such filing to the following attorneys of record:

J. David Dantzler, Jr.
James Alexander Rue
William P. Hicks

I hereby certify that I have mailed by United States Postal Service the document to the following non-CM/ECF participants:

Walter E. Jospin, Esq.
Albert M. Myers III, Esq.
Paul, Hastings, Janofsky & Walker LLP
600 Peachtree Street, N.E., 24th Floor
Atlanta, Georgia 30308-2222

Kirby D. Behre, Esq.
Paul, Hastings, Janofsky & Walker LLP
1299 Pennsylvania Avenue, N.W.
Washington, District of Columbia 20004-2400

Julie M. O'Daniel, Esq.
John L. Latham, Esq.
Alston & Bird LLP
One Atlantic Center, 1201 West Peachtree Street
Atlanta, Georgia 30309-3424

s/ J. David Dantzler, Jr. Esq.

Georgia Bar No. 205125

Attorney for S. Gregory Hays, Receiver
for Defendants Mobile Billboards of
America, Inc., International Payphone
Company, and Reserve Guaranty Trust

McKENNA LONG & ALDRIDGE LLP

303 Peachtree Street, Suite 5300

Atlanta, GA 30308

Telephone: (404) 527-4660

Email: ddantzler@mckennalong.com

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p style="text-align:center">Plaintiff,</p> <p>v.</p> <p>MOBILE BILLBOARDS OF AMERICA, INC., INTERNATIONAL PAYPHONE COMPANY, RESERVE GUARANTY TRUST, MICHAEL A. LOMAS and MICHAEL L. YOUNG,</p> <p style="text-align:center">Defendants.</p>	<p style="text-align:center">CIVIL ACTION NO. 1:04-CV-2763-WBH</p>
---	---

DECLARATION OF S. GREGORY HAYS, RECEIVER

S. Gregory Hays, under penalty of perjury, declares and testifies as follows:

1. Pursuant to an Order entered in this action on September 21, 2004, I am the Receiver for Defendants Mobile Billboards of America, Inc. (“Mobile Billboards”), International Payphone Corporation d/b/a Outdoor Media Industries (“Outdoor Media”); and Reserve Guaranty Trust (“RGT”) (collectively referred to the “Receiver Entities”).

2. I have personal knowledge of the facts set forth in this Declaration.

3. Since being appointed, I, along with my staff and my counsel, have begun to: marshal the assets of the Receiver Entities; account for the proceeds of

the offerings that are the subject of this action; and, investigate the business operations of the Receiver Entities. While our work is in the preliminary stages, I have determined that a company known as Tiger Media, Inc., an affiliate of the Receiver Entities, (“Tiger Media”) should be added as a defendant in this action and included in the receivership estate that is under my direction and control.

4. To date, we have engaged in the following activities, which have uncovered facts that have caused me to believe that Tiger Media should be included in this receivership:

- a. I have had several conversations and one in person meeting with Rob Wright and Stewart Layton, former employees of Tiger Media. Apparently, Rob Wright served for some period of time as President of Tiger Media.
- b. Mark King, one of the consultants on my staff, has spent approximately 10 days reviewing records and documents maintained at the principal operating office of the Receiver Entities, which is located in Bridgeton, Missouri, just outside St. Louis.
- c. We have received and reviewed the computerized financial and accounting records of the Receiver Entities, as well as those of Tiger Media, all of which were maintained in Cleveland, Ohio.

- d. We have reviewed various documents, including promotional materials and charts of the organizational structure of the Receiver Entities and other companies apparently under the direction and control of the individual defendants, including Tiger Media.

As a result of these activities, I have learned the facts that are described below.

5. Using a network of sales agents, Mobile Billboards sold investments in mobile billboard units to individual investors. The investment was structured so that the investor, upon purchasing a billboard unit, leased it to Outdoor Media, who was responsible for managing the billboard. Among other things, Outdoor Media was responsible for arranging the placement of billboard units on trucks and selling advertising.

6. According to Mobile Billboard's Offering Circular, it appears that Mobile Billboards sold more than 2500 billboard units. Most these units were not assembled or placed on trucks. It appears that less than 200 units were placed on trucks and in operation at some level.

7. Tiger Media is the entity actually used by the Receiver Entities to sell advertising for the billboards that were placed in operation. Tiger Media is also the entity that billed advertisers and that was to be paid by them for advertising placed

on operating billboards. Presumably, any profits realized as a result of advertising activities were to be paid by Tiger Media to Outdoor Media.

8. Based upon my review of the records that we have been able to recover to date, it appears that Tiger Media was owned by First Century Complex Trust, a trust apparently established by Defendant Michael Lomas. It appears that this trust may also have owned some or all of the stock of Mobile Billboards and Outdoor Media. The records indicated that the directors of Tiger Media were Defendant Michael Lomas and Laurinda Holohan. Defendant Lomas and Ms. Holohan also served as the directors of Outdoor Media and, along with Defendant Michael Young, served as the directors of Mobile Billboards.

9. In addition to the overlapping control, it is evident that Tiger Media's business was conducted as a part of the overall business operation of the Receiver Entities. For example:

- a. Tiger Media, purportedly maintained its principal place of business in this district at 6050 Peachtree Parkway, Suite 240-106, Norcross, Georgia 30092. In reality, this address is a mailbox at a UPS Store. The actual business office for Tiger Media was located in the same office as Mobile Billboards and Outdoor Media in Bridgeton, Missouri. Attached hereto as

Exhibits “A” and “B” are pictures of the office indicating that Tiger Media is part of the overall business operation.

- b. Payments by advertisers were delivered to Tiger Media at the office in Bridgeton, Missouri.
- c. In promotional materials and newsletters sent to sales agents, Tiger Media was included along with the Receiver Entities as part of the overall business operation. In these materials, Outdoor Media and Tiger Media are referred to as “sister companies” and “strategic partners.” Samples of those materials are attached to this Declaration as Exhibits “C” through “I.”
- d. Though he was a management employee of Tiger Media, Rob Wright actually reported to Defendant Michael Young, who is the President of Mobile Billboards, as well as being one of the administrative trustees of RGT.
- e. According to a Wage Allocation chart in the records of the Receiver Entities, Outdoor Media actually paid the salaries of the employees of Tiger Media.

- f. The bookkeeping and accounting for Tiger Media was performed by the same people and its records maintained on the same computers as Mobile Billboards and Outdoor Media.
- g. Outdoor Media and Tiger Media are insureds under the same liability insurance policy.
- h. The Mobile Billboards Offering Circular, apparently provided to investors, describes Tiger Media as an affiliate of Mobile Billboards.

10. It appears that Mobile Billboards and Outdoor Media ceased active business operation on or about September 7, 2004. According to Rob Wright, Defendant Michael Young directed him to terminate the business operations of Tiger Media on or about that same day, which was done.

11. I have recovered two checks made payable to Tiger Media from the office in Bridgeton, Missouri. These payments, totaling \$96,550.70, have been deposited into a segregated account maintained by me so that the funds can be held safely until the Court has an opportunity to decide this motion. In addition, we have been told by former employees of Tiger Media that the company currently could be owed as more than \$150,000 by advertisers. We are continuing to search for an accounts receivable report for Tiger Media. In addition, there may be advertising contracts in place that will generate additional advertising revenue in

the next several months. We are continuing our efforts to obtain a better understanding of the advertising contracts.

12. It is clear that any revenue derived from advertising activity is attributable to the use of proceeds of the sale of billboard investments – i.e., the billboards generating the revenue were purchased, assembled and installed using investment proceeds.

13. I am currently trying to collect the accounts receivable owed to Tiger Media, but this effort will be much more effective if, in fact, I am receiver for Tiger Media.


14. To the extent that any of the billboard assets have value as a “going concern” or in liquidation, those that are in operation are likely the most valuable. In order to sell these assets, it is important that I be able to sell any existing advertising contracts so that the purchaser can then collect any future revenue owed under those contracts.

15. Because Tiger Media was, at least in part, funded by and functioned as an integral part of the operation of the Receiver Entities and because it owns cash, receivables and contracts derived from proceeds of the subject offering, it is necessary that Tiger Media be included in the receivership so that it can be administered and used for the benefit of investors.

16. If Tiger Media is not added as a defendant in this action and included in the receivership under my direction and control, its assets will not be available for use by me as Receiver for the administration of the Receiver Entities and/or distribution to investors. Moreover, a delay in adding Tiger Media as a part of the receivership will adversely affect my ability to realize the value of its assets, along with other assets of the Receiver Entities.

17. I have also determined that the corporate name for Outdoor Media is actually International Payphone Corporation, rather than International Payphone Company.

This 13 day of October, 2004.



S. Gregory Hays, Receiver

CERTIFICATE OF SERVICE

This is to certify that on October 13, 2004, I electronically filed
DECLARATION OF S. GREGORY HAYS, RECEIVER with the Clerk of Court
using the CM/ECF system which will automatically send email notification of such
filing to the following attorneys of record:

J. David Dantzler, Jr.
James Alexander Rue
William P. Hicks

I hereby certify that I have mailed by United States Postal Service the
document to the following non-CM/ECF participants:

Walter E. Jospin, Esq.
Albert M. Myers III, Esq.
Paul, Hastings, Janofsky & Walker LLP
600 Peachtree Street, N.E., 24th Floor
Atlanta, Georgia 30308-2222

Kirby D. Behre, Esq.
Paul, Hastings, Janofsky & Walker LLP
1299 Pennsylvania Avenue, N.W.
Washington, District of Columbia 20004-2400

Julie M. O'Daniel, Esq.
John L. Latham, Esq.
Alston & Bird LLP
One Atlantic Center, 1201 West Peachtree Street
Atlanta, Georgia 30309-3424

s/ J. David Dantzler, Jr. Esq.

Georgia Bar No. 205125

Attorney for S. Gregory Hays, Receiver
for Defendants Mobile Billboards of
America, Inc., International Payphone
Company, and Reserve Guaranty Trust
McKENNA LONG & ALDRIDGE LLP
303 Peachtree Street, Suite 5300
Atlanta, GA 30308
Telephone: (404) 527-4660
Email: ddantzler@mckennalong.com