

Hollenbeck sentenced to 14 years in prison

He was convicted of mail fraud, conspiracy



Scott Hollenbeck, an investment counselor who once lived in Kernersville, was the top salesman for Mobile Billboards of America, which investigators characterized as a nationwide Ponzi scheme that defrauded investors.

By Wesley Young | Journal Reporter

Published: May 7, 2008

RALEIGH - A judge sentenced Scott Hollenbeck, a former Kernersville investment counselor, to 14 years in federal prison yesterday for his role in the sale of a truck-mounted billboard investment that went awry in 2004 amid accusations of fraud.

The sentencing came after a lengthy hearing that included emotional comments from people who had invested money with Hollenbeck and other salesmen in what investigators have said was a nationwide Ponzi scheme that took in \$70 million from unsuspecting investors.

Hollenbeck, 53, was convicted Feb. 6 of one count of conspiracy and 12 counts of mail fraud after a monthlong trial here in federal court. He was the top salesman for Mobile Billboards of America, which sold truck-mounted billboards.

When the scheme collapsed, it turned out that there were few operating billboards and little advertising revenue. Hollenbeck sold about \$11 million in billboard investments to 139 people, court documents show.

Hollenbeck stood at one point during his sentencing hearing and said he was sorry that so many investors lost money.

"I'm sorry for the choices I made that were wrong and the poor judgment I had," he said. "I had no knowledge and did not know this was a fraud."

Hollenbeck said he had promised victims of the scheme that he would work to get their money back and pleaded for the chance to do that.

"I feel terrible for what has happened," he said.

But Ransom Staley Jr., one of Hollenbeck's investors, said he didn't accept the apology.

"He flat-out lied to me," Staley said. "He is a liar and a thief. He showed me one of his guarantees -- I went into his office and he provided me all these guarantees."

About 20 investors, not all of them Hollenbeck clients, watched the sentencing from one side of the courtroom. Many of them spoke.

On the other side, on benches behind Hollenbeck, sat his wife, two sons and other family members. There were also some investors who supported Hollenbeck's claim of being unaware of the fraudulent nature of the investment, despite having lost money themselves.

Some investors pleaded for Judge W. Earl Britt to send a message with his sentencing that investment fraud can't be tolerated. And Britt seemed to have those pleas in mind as he sentenced Hollenbeck and four other Mobile Billboard defendants.

"This has been a troubling case for me throughout," Britt said. "It brought out some of the worst of humanity."

When sentencing was over, the crowd watched as Hollenbeck was escorted from the courtroom in handcuffs. He has the opportunity to file an appeal, a move that prosecutors expect him to make.

Michael Lomas, who organized Mobile Billboards, received a 20-year sentence despite entering into a plea agreement with the government. Laurinda Holohan, who helped run the company, got a break from Britt because she has a disabled child -- but still received a sentence of slightly more than six years. Arthur Anderson, a Raleigh-area salesman, received a five-year sentence. And Susan Knight, an Ohio woman involved with the company, received a 30-month sentence.

In documents submitted to the court before the sentencing hearing, the government argued that Hollenbeck should be held responsible for the losses of everyone who

invested in Mobile Billboards, not just the ones to whom he sold the investments. Britt rejected that argument.

The government also argued for stiffer sentencing for Hollenbeck because his clients tended to be elderly and unsophisticated investors. Britt agreed with that.

Arguing for a sentence of fewer than five years, Hollenbeck's attorney pointed to letters that had been submitted to the court by supporters. Several were members of Gospel Light Baptist Church. Hollenbeck attended the church when he lived in Kernersville, and a number of members had made investments in Mobile Billboards.

Some said that Hollenbeck had paid bills, bought groceries and even given cars to people in need. They said that he had paid for people to go to the private school at Gospel Light when they could not afford it. Hollenbeck gave cars to missionaries and preachers, one writer said, and was active in all areas of church life.

But other church members were among those who told the court how many people had suffered when they lost money they had invested with Hollenbeck.

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