

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

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| <p>SECURITIES AND EXCHANGE<br/>COMMISSION,</p> <p style="text-align: center;">Plaintiff,</p> <p>v.</p> <p>MOBILE BILLBOARDS OF AMERICA,<br/>INC., INTERNATIONAL PAYPHONE<br/>CORPORATION, TIGER MEDIA, INC.,<br/>RESERVE GUARANTY TRUST,<br/>CALIFORNIA MOBILE BILLBOARDS,<br/>INC., WESTERN RESERVE GUARANTY<br/>TRUST, MICHAEL A. LOMAS and<br/>MICHAEL L. YOUNG,</p> <p style="text-align: center;">Defendants.</p> | <p style="text-align: center;">CIVIL ACTION NO.<br/><br/>1:04-CV-2763-WBH</p> |
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**PLAN FOR CLAIMS ADMINISTRATION AND  
DISTRIBUTION OF PROCEEDS**

**SECTION 1 – DEFINITIONS**

The following terms and definitions are applicable throughout this Plan:

**Administrative Claims and Expenses.** Professional fees and other expenses incurred in the administration of this receivership in accordance with the terms of the Receivership Orders.

**Allowed Claim.** The Receiver’s determination regarding a specific Claim – *i.e.*, the identity of the Investor/Creditor, the appropriate loss amount (if any) and whether any or all of that amount should be allowed, disallowed or subordinated.

**Approved Claim.** A Claim or any portion thereof, the payment of which pursuant to the terms of this Plan has been approved by Order of this Court.

**Claim.** Any claim for payment from the Receiver Estate made in accordance with the claims administration process described herein – *i.e.*, made in writing on the appropriate Claim Form and filed with the Receiver.

**Claim Determination Notice.** The document sent to a Claimant, and Investor/Creditor if different from the Claimant, which provides notice of the Allowed Claim as determined by the Receiver.

**Claimant.** A person or entity who files a Claim in this proceeding.

**Claim Form.** The forms to be used by Investors and Creditors, respectively, in filing claims with the Receiver.

**Claim Interested Party.** The Claimant, and the Investor or Creditor if the Receiver Team determines that the identity of the Investor or Creditor is different from the Identity of the Claimant in accordance with Section 3.2 of this Plan.

**Creditor.** Any person or entity other than an Investor who has a valid Claim for payment against the assets of the Receiver Estate based upon goods or services provided prior to the Receiver's appointment (or based upon any other facts or circumstances occurring prior to the Receiver's appointment).

**Court.** The United States District Court for the Northern District of Georgia, Atlanta Division.

**Disputed Claim.** Any Claim for which the Claimant, and/or Investor/Creditor if different from the Claimant, objects to the Claim Determination made by the Receiver in the manner provided for in this Plan – *i.e.*, by completing and filing with the Receiver the Disputed Claim Form within the applicable time period.

**Disputed Claim Form.** The form to be used by any Claimant, Investor or Creditor objecting to the Receiver's Claim Determination.

**Distribution.** Pro rata payments of Approved Claims to Investors and Creditors from the Receiver Estate in accordance with the provisions of this Plan.

**Funds Tracing Database.** The database compiled by the Receiver Team, based upon bank records and other source documents and information, indicating the receipt, disbursement and use of monies obtained by the Receiver Entities from Investors and others.

**Investor.** Person or entity that purchased mobile billboards and/or payphones from any of the Receiver Entities. The term Investor shall include the person or entity whose funds were used to make the purchase and/or the person or entity in whose name the investment was made. The term Investor shall include individuals or entities who invested by and through Individual Retirement Accounts.

**Plan.** This Plan for Claims Administration and Distribution of Proceeds.

**Receiver.** S. Gregory Hays (in accordance with and as provided for in the Receivership Orders).

**Receiver Entity or Entities.** Mobile Billboards of America, Inc.; International Payphone Corporation d/b/a Outdoor Media Industries; (“Outdoor Media”); Tiger Media, Inc. (“Tiger Media”); Reserve Guaranty Trust (“RGT”); California Mobile Billboards, Inc. (“CMBI”); and, Western Reserve Guaranty Trust (“WGRT”), or any one of them.

**Receiver Estate.** The assets of the Receiver Entities in the custody and under the control of the Receiver.

**Receiver Team.** The Receiver, along with his attorneys, accountants and consultants, working with him in accordance with the provisions of the Receivership Orders.

**Receivership Orders.** The Orders Appointing Receiver, entered in this action on September 21, 2004, October 18, 2004 and February 7, 2005.

**SEC.** The Securities and Exchange Commission.

## **SECTION 2 – NOTICE AND FILING OF CLAIMS**

**2.1 – Notice.** In or about October 2004, the Receiver mailed a copy of the Claim Form, along with an explanatory cover letter, to all known Investors and Creditors. In June 2008, the Receiver mailed another copy of the Claim Form to

all known Investors and Creditors that did not respond to the October 2004 mailing. At that time, the Receiver established June 30, 2008 as the deadline for filing a Claim. Despite this deadlines, the Receiver has continued to provide Investor Claim Forms, and accepted Claims from Investors. In addition, the Receiver has, over time, provided Creditor Claim Forms to all known Creditors. The Receiver also posted these documents on his website ([www.haysconsulting.net](http://www.haysconsulting.net)).

By providing notice of this Plan, along with the specific notices provided for in the Plan, the Receiver shall be deemed to have provided reasonable and sufficient notice to all persons and entities regarding the activities of this receivership, including the claims administration process.

**2.2 – Eligibility to File Claim.** A Claim Form may be submitted in this proceeding by any Investor or Creditor (or legal successor in interest).

**2.3 – Filing of Claims.** All Claims must be filed with the Receiver at:

Hays Financial Consulting, LLC

Atlanta Financial Center

3343 Peachtree Road, Suite 200

Atlanta, Georgia 30326-1420

***Claims should not be filed with the Court. By filing a Claim, a Claimant is deemed to have submitted to the personal jurisdiction of this Court.***

Ultimately, each Claimant is responsible for establishing the validity of a submitted Claim, including the amount of the Claimant's loss and that the Claimant is an actual Investor or Creditor (or legal successor in interest) entitled to payment. Any Claimant who does not file a properly completed and documented Claim prior to the deadline(s) established by the Receiver and the Court may be forever barred from asserting a claim against the Receiver Estate. Any purported filing of a Claim that does not conform to the provisions of this Plan, or reasonably comply with the instructions included in the applicable Claim Form, may be rejected by the Receiver and shall be treated as if no Claim had been timely filed. The burden shall be upon each Claimant to ensure that its Claim has been properly

completed and received by the Receiver and that all requested information has been provided.

Notwithstanding the previous paragraph, the Receiver may consider and allow a Claim that is late-filed or otherwise not in compliance with the requirements of the applicable Claim Form and this Plan if there are circumstances that, in the sole and absolute discretion of the Receiver, justify consideration and allowance of all or a portion of such Claim. The Receiver's decisions in this regard shall be reversed only upon a showing by Claim Interested Party of manifest abuse of discretion by the Receiver.

### **SECTION 3 – CLAIMS ANALYSIS AND DETERMINATION**

**3.1 – Claim Review.** The Receiver Team will review each properly submitted Claim to determine the validity of the Claim, the identity of the appropriate Investor/Creditor and the principal amount lost. In making this determination, the Receiver Team may rely on information submitted by the Claimant, as well as other information available to it (*e.g.*, the Funds Tracing Data Base, the Receiver Entities' books and records). The Receiver Team shall have the right to request, and the Claimant shall have the obligation to provide to the Receiver Team, any additional information and/or documentation deemed relevant by the Receiver prior to allowing or disallowing a Claim. After reviewing the information relevant to Claim, the Receiver shall have broad discretion to resolve any discrepancies regarding the proper identity of the Investor/Creditor, and the validity and amount of the Claim. ***Neither the Receiver nor any member of the Receiver Team is responsible for providing tax advice or for the ultimate tax consequences to any Investor or other affected party resulting from the Receiver's Claim Determination and/or any Distributions made by the Receiver.***

**3.2 – Identity of Investors and Creditors.** The Receiver Team will determine the proper identity of each Investor and Creditor from the information provided on the Claim Form and available information from the Receiver Entities. If the information on the Claim Form matches the information in Receiver Entities' files, the Receiver will deem the individual or entity who submitted the Claim Form as the Investor/Creditor. If there are any discrepancies between the information provided on the Claim Form and the Receiver Entities' information, the Receiver shall have broad discretion in determining the appropriate identity of the Investor/Creditor. The Receiver's decisions in this regard shall be reversed

only upon a showing by the affected Claim Interested Parties of manifest abuse of discretion by the Receiver.

If competing Claims are filed with respect to a particular investment or other debt, and the Receiver is unable to resolve the issue by agreement between the Claimants, the competing Claims shall be submitted to the Court for resolution under the Disputed Claims process identified in Section 4.

**3.3 – Amount of Claim.** The amount of each Investor Claim will be determined based on the actual net loss to the Investor. The net loss will be calculated on a “cash in – cash out basis” – *i.e.*, the principal amount of cash invested, less any payments, returns of principal, commissions, referral fees, and any other payments received by the Investor, including payments made to third parties, at the direction of the Investor, from the Investor’s account. The net loss will not include any earnings, profits, commissions or any other payments that were allegedly earned by an Investor but not collected.

Each Creditor Claim will be determined based upon the nature of the debt owed by one or more of the Receiver Entities (*e.g.*, secured vs. unsecured), the legal basis for the claim, and any other facts and circumstances that the Receiver deems relevant to the analysis of the Claim.

The Receiver also may reduce the Claim by any set-off against the Claim. If, after all analysis is completed and adjustments are made, the Receiver determines that the Investor/Creditor has suffered a net loss, the amount of the allowed Claim will be equal to the net loss. Conversely, if the Receiver determines that the Investor/Creditor has not suffered a net loss, or if the Claimant has not provided sufficient information to determine whether there exists a net loss or the amount of the net loss, the Receiver may determine that the Investor/Creditor is entitled to a lesser amount.

**3.4 – Allowed Claim.** Ultimately, the Receiver, in conjunction with the Receiver Team, will make a determination regarding the identity of each Investor/Creditor and the amount of each Investor/Creditor’s loss, even if the amount is \$0.00 (*i.e.*, - the Allowed Claim).

**3.5 – Notice of Claim Determination.** When the Receiver and the Receiver Team have completed the claims review process, the Receiver will provide each Claim Interested Party with a Claim Determination Notice showing the

determination made regarding the Allowed Claim – *i.e.*, the proper identify of the Investor/Creditor and the amount of the Claim. At the same time, the Receiver will also send a Disputed Claim Form to each Claim Interested Party, which will provide an opportunity to dispute the Receiver's determination of that Allowed Claim. The Disputed Claim Form will also be available on the Receiver's website. The Claim Determination Notice and Disputed Claim Form will be delivered to each Claim Interested Party via U.S. Mail and shall be deemed delivered three business days after mailing.

The Receiver shall have no obligation to locate Claim Interested Parties. It is the responsibility of each Claim Interested Party to provide the Receiver with notice of any change of address.

#### **SECTION 4 – RESOLUTION OF DISPUTED CLAIMS**

**4.1 – Filing of Disputed Claims.** Any Claim Interested Party who disagrees with the Receiver's determination of its Claim may file a Disputed Claim by sending the Receiver a completed, properly documented Disputed Claim Form. The Disputed Claim Form must be delivered to the Receiver at the address provided in Section 2.3, above, not later than 20 days after the Receiver's mailing of the Claim Determination Notice. The Disputed Claim Form should not be filed with the Court. Failure to timely submit a complete Disputed Claim Form to the Receiver shall permanently waive a Claim Interested Party's right to object to or contest the Receiver's Claim Determination. Notwithstanding the foregoing, the Receiver may consider a late-filed Disputed Claim Form or a Disputed Claim that is otherwise not in compliance with the requirements of the Disputed Claim Form and this Plan if there are circumstances that, in the sole and absolute discretion of the Receiver, justify consideration of such Disputed Claim. The Receiver's decisions in this regard shall be reversed only upon a showing by the affected party of manifest abuse of discretion by the Receiver.

**By filing a Disputed Claim, a person or entity is deemed to have submitted to the personal jurisdiction of this Court, and the summary procedures in place for resolution of any Objections by this Court.**

**4.2 – Notice Regarding Disputed Claims and Related Proceedings.** Claim Interested Party who has filed a Disputed Claim shall be entitled to notice only with respect to the adjudication of that particular Disputed Claim, and shall not necessarily be entitled to notice of any other proceedings related to this action.

**4.3 – Voluntary Resolution of Disputed Claims.** The Receiver may, in his sole discretion, make adjustments, settle and compromise any Disputed Claim on terms and for reasons that he deems appropriate.

**4.4 – Resolution of Disputed Claims by Court.** Any Disputed Claim that cannot be resolved by agreement will be adjudicated by the Court in a summary proceeding conducted in accordance with this Section. In general:

- (a) The Claim Interested Parties shall not have a right to a trial by jury; however, they shall be entitled to due process.
- (b) The Federal Rules of Civil Procedure shall not apply.
- (c) With respect to each Disputed Claim, the Receiver will commence the summary proceeding by filing with the Court a Motion for Claim Resolution, which shall include the following: the Claim Determination Notice, the Disputed Claim Form, and declarations or other evidence that the Receiver deems relevant to the Court's determination of the Disputed Claim. The Receiver shall also file a supporting brief explaining the Receiver's position regarding the subject Disputed Claim. The Receiver's Motion for Claim Resolution and supporting brief shall be served on the Claimant at the time of its filing.
- (d) Within ten (10) business days of being served with the Receiver's Motion for Claim Resolution, Claim Interested Parties *may* file responsive briefs regarding the Disputed Claim, as well as any declarations or other evidence that the filing party deems relevant to the Court's determination of the Disputed Claim.
- (e) The Court may rule without hearing on each Disputed Claim that does not involve material factual disputes.
- (f) For each Disputed Claim that involves material disputed facts, the Court shall conduct a hearing at which time evidence relevant to the Disputed Claim shall be considered. Where possible, such evidence shall be submitted by declaration or affidavit. The Receiver shall obtain a hearing date from the Court and provide notice of such hearing to the affected parties. Any Claim Interested Party who has made a filing related to the Disputed Claim shall be required to attend the hearing and shall have the

burden of proof in establishing that the Receiver's claim determination (*i.e.*, the Allowed Claim) is not correct and that a different Claim should be allowed.

(g) The Court's decision regarding each Disputed Claim shall be final.

## **SECTION 5 – DISTRIBUTION**

**5.1 – Approved Claims.** Within 30 days after the final determination of all Disputed Claims, either by agreement or by decision of the Court, the Receiver will file with the Court a motion seeking final approval of a schedule of all Allowed Claims and the resolved Disputed Claims. Upon approval by the Court, these Claims shall be treated as Approved Claims and will form the basis of the Distribution made by the Receiver.

**5.2 – Aggregation of Assets.** All assets of the Receiver Estate will be aggregated into a single pool for purposes of any and all distributions made pursuant to this Plan. This single pool of assets will include all assets currently in the possession, custody or control of the Receiver Estate and all assets that come into the possession, custody or control of the Receiver Estate – whether by agreement, Court order or any other means – at any time during the pendency of this receivership. In making distributions from the Receiver Estate, the Receiver may use any assets or property then within the possession, custody or control of the Receiver Estate.

**All Investor and Creditor Claims will be treated as Claims against all assets of the Receiver Estate, regardless of the specific investment made by each Investor. Similarly, Distributions will be made from and based upon the cumulative value of all cash and other assets included in the Receiver Estate. The Receiver will not classify claims based upon any specific investment (*i.e.*, payphones vs. billboards), the specific Receiver Entity involved in the investment, or the location/account where the funds ultimately were deposited.**

**5.3 – Priority and Treatment of Claims and Other Expenses.** Claims are prioritized and are to be paid as follows:

(a) **Administrative Expenses.** In accordance with the terms of the Receivership Orders, the Receiver has paid and will continue to pay expenses associated with the administration of the Receiver Estate. These expenses include, but are not necessarily limited to, professional fees and expenses, which have been and will continue to be the subject applications submitted to this Court for approval. The Receiver will establish a reasonable reserve (i.e., withhold from the Distribution provided for herein) an amount of money that he believes is necessary to pay for the professional fees and expenses to be incurred in preparing his Final Report and concluding the activities in this receivership.

(b) **Tax Liabilities.** In accordance with the terms of the Receivership Orders, the Receiver is charged with preparing and filing any required tax filings for the Receivership Entities. Accordingly, the Receiver Team has prepared and filed all tax returns relating to the corporate Receivership Entities. The Receiver has not and will not prepare or file any tax returns on behalf of the two individual defendants in the Receivership, Michael A. Lomas and Michael L. Young. Appropriate tax return information, such as the profit or loss from the Subchapter S corporations in the receivership, has been provided to these individuals to assist them in gathering their tax information so that they may prepare their own tax returns.

As of the appointment date, the corporate Receiver Entities had not prepared or filed 2003 federal or state income tax returns. The Receiver Team prepared and filed the delinquent federal and state 2003 and 2004 and 2005 tax returns for all of the corporate Receivership Entities. Through the course of this undertaking, the Receiver Team discovered that the 2001 and 2002 federal and state tax returns were incorrect as filed. The Receiver Team prepared and filed amended tax returns for those periods and ultimately received refunds totaling \$44,696. The Receiver Team also discovered that many of the non-income tax return filing requirements of the individual states were not being adhered to. The Receiver Team proceeded to analyze and correct business licenses, authorizations to do business, and withdrawals, when and where determined appropriate. All ongoing filing requirements specifically related to operating the payphone business entity and maintaining the other Receivership Entities have continually been performed and monitored for compliance and completeness.

The Receiver Team determined that the individual principals of the Receivership entities should not continue to profit from the business losses generated by the Receivership Entities and therefore, effective as of January 1, 2006, the Receiver directed Lomas as principal stockholder terminate the Subchapter S elections for all Receivership Entities. This action caused the Receiver Entities to be classified as "C Corporations" for the 2006 tax year and all future tax return filings. The Receiver was able to file final tax returns for California Mobile Billboards, Inc. and Tiger Truck Media, Inc. as of December 15, 2007 and no future tax returns will be filed for these two Receivership Entities.

With the sale of International Payphone Corporation's assets on March 31, 2008, all operations and filing requirements for this entity are currently being finalized. As soon as legally possible, final tax returns will be prepared and filed for International Payphone Corporation and Mobile Billboards of America, Inc.

To the extent that there are valid tax liabilities of any Receiver Entity owed to the federal government or any state or local government, those liabilities will be paid in full prior to the payment of other Claims. Any claim for any tax liability must be filed with the Receiver within 60 days of the date of the Order approving this Plan.

(c) **Claims of Secured Creditors.** In accordance with the terms of the Receivership Orders, the Receiver has worked to resolve the claims of secured creditors. (Receivership Order, §VII (f).) To the extent that there were secured creditors of the Receiver Entities, all of those claims have been resolved.

(d) **Claims of Investors and Unsecured Creditors.** Approved Claims of Investors and unsecured Creditor Claimants are general unsecured creditors of the Receiver Entities and shall be paid with equal priority. There is not enough money available to pay these Claims in full. Hence, these Claimants will receive a pro rata payment based upon the Approved Claim amount. Simply stated, each such Approved Claim will be paid an amount equal to: the percentage of the total amount of this group of Claims represented by the individual Approved Claim multiplied by the amount available for distribution to this group of Claims. By way of example, if an individual Approved Claim in this group comprises 0.07% of the total amount owed to all Investors and unsecured Creditor Claimants, then that Claimant will receive 0.07% of the amount available for Distribution to this group of Claims.

**5.4 – Distribution.** As soon as reasonably practical after the Court’s approval of the list of Approved Claims (including resolved Disputed Claims), the Receiver shall make payment to all Claimants in accordance with this Plan of Distribution. The Receiver currently anticipates that there will only be one distribution in this case.

**5.5 – Method of Payment.** Payment to Investors and Creditors shall be made from the Receiver Estate in the form of a check made payable to the Investor/Creditor listed on the list of Approved Claims approved by this Court.

## **SECTION 6 – OTHER RELATED MATTERS**

**6.1 – Acceptance of Payment Effects Release.** Upon acceptance of payment from the Receiver, any and all asserted and unasserted claims, demands, rights and causes of action of any nature that a Claimant, Investor and/or Creditor may have against the Receiver, any member of the Receiver Team, or the Receiver Estate are hereby discharged, released, extinguished and satisfied. Notwithstanding the foregoing, nothing in this Plan is intended to nor should be construed to release or limit the obligations of any other person or entity pursuant to any judgment or order of restitution.

**6.2 – Limitation of Receiver’s Liability for Payments.** Neither the Receiver nor any member of the Receiver Team shall have any liability to any person or entity for any other action taken in good faith in connection with or relating to this Plan. In the event that such a claim or cause of action is asserted against the Receiver or any member of the Receiver Team, the Receiver or Receiver Team member shall be entitled to a defense by counsel of his or her choice, payable as any other Administrative Expense herein, even if willful misconduct is alleged.

**6.3 – Checks Not Cashied.** Any check issued to a Claimant, Investor or Creditor that is not cashed within 120 days of the date of the check shall be deemed void, and the Claim pursuant to which such check was issued shall be automatically be deemed to have been satisfied. With respect to any such voided check, the intended recipient shall have no right or claim of any kind against the Receiver or the Receiver Estate, including any claim for the amount of the intended distribution or any future distribution.

**6.4 – Final Report.** At or about the time of making the final distribution to Claimants, the Receiver shall file a Final Report providing the following information:

(a) The activities engaged in or to be undertaken in winding-up of the Receiver Estate;

(b) A financial statement for the Receiver Estate indicating the receipt and disbursement of money by the Receiver during the course of the receivership; and,

(c) The Receiver's proposal regarding the use of any monies or other assets remaining in the Receiver Estate.

The Receiver shall provide notice to all Investors of the filing of the Final Report (which may be, but is not required to be, included with the checks paying Approved Claims). Unlike the Receiver's Interim Reports, the Final Report shall be subject to approval by this Court.

**6.5 – Receivership Orders Remain In Force and Effect.** Neither the filing of this Plan nor its approval by the Court in any way deemed to modifies, amends or otherwise limits the Receiver's ability and authority provided for in the Receivership Orders, including the continued use and administration of the assets of the Receiver Estate.

Notice of the filing of this Plan having been provided to Investors and other Claimants, and after review and consideration of its terms, IT IS HEREBY ORDERED that the within and foregoing Plan for Claims Administration and Distribution of Proceeds is hereby APPROVED.

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Judge Willis B. Hunt, Jr.  
United States District Court

Prepared and submitted by:

TROUTMAN SANDERS LLP

/s/ Merle R. Arnold III

J. David Dantzler, Jr.

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