

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 58847/October 24, 2008

ADMINISTRATIVE PROCEEDING  
File No. 3-13117

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In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
SCOTT B. HOLLENBECK	:	IMPOSING SANCTION BY DEFAULT
	:	
	:	

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The Securities and Exchange Commission (SEC or Commission) issued its Order Instituting Proceedings (OIP) on August 6, 2008, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The Division of Enforcement (Division) provided evidence that an agent for Respondent Scott B. Hollenbeck (Hollenbeck) received the OIP on September 5, 2008. The time for filing an Answer has expired, and no Answer has been received.

By Order dated October 2, 2008, I required Hollenbeck to show cause why he should not be held in default and why he should not be barred from associating with any broker or dealer. No reply to the Order to Show Cause has been received, and the time for replying has expired. Accordingly, Hollenbeck is in default. See Rules 155(a)(2) and 220(f) of the Commission's Rules of Practice. As permitted by Rule of Practice 155(a), the following allegations of the OIP, as clarified by the Division's Response to the Order dated August 22, 2008, are deemed true.

Hollenbeck, fifty-three years old, is currently a resident of a Federal Correctional Institution in Coleman, Florida. From November 2001 through at least August 31, 2004, Hollenbeck promoted the sale of investment contracts for Mobile Billboards of America, Inc. (MBA). During the time in which he engaged in the conduct underlying the judgment described below, Hollenbeck was not a registered representative associated with a broker-dealer registered with the Commission.

On July 23, 2008, a final judgment was entered against Hollenbeck, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (Securities Act), Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5, in the civil action entitled SEC v. Hollenbeck, Civil Action Number 1:05-CV-1272-WBH, in the United States District Court for the Northern District of Georgia.<sup>1</sup> The Court also ordered

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<sup>1</sup> On July 9, 2008, the court granted the Commission's motion for summary judgment.

disgorgement against Hollenbeck in the amount of \$3,400,000, with prejudgment interest in the amount of \$859,958.31.

The Commission's complaint alleged that MBA sold more than \$60 million of the billboard frames that were purportedly mounted on the sides of trucks to hold advertising posters. Outdoor Media Industries (Outdoor Media), a division of International Payphone controlled by the promoters of MBA, leased the billboards back from investors for seven years for monthly payments equivalent to 13.49% annually. Reserve Guaranty, another entity controlled by MBA's promoters, purportedly operated as a sinking fund and issued investors certificates that purportedly guaranteed funding for MBA's commitment to buy back the billboards at the full purchase price at the end of the seven-year lease. The complaint alleged that the investment program operated as a Ponzi scheme because the collective business did not generate sufficient advertising revenue to make monthly lease payments to investors and, instead, relied on new investor money. The complaint further alleged that MBA's sales materials made false claims about the number of billboards that were operational and misrepresented the value of assets contributed to Reserve Guaranty.

The complaint also alleged that the investment contracts were sold through a network of independent sales agents. The complaint further alleged that Hollenbeck was one of the top three sales agents for MBA and that, by himself, he sold more than \$11 million of mobile billboard investments. The complaint further alleged that Hollenbeck provided a forged surety bond to investors. The surety bond falsely stated that the individual investor was insured against loss up to the value of the mobile billboard investments purchased by each investor. The complaint further alleges that Hollenbeck operated as a broker-dealer.

Hollenbeck has been permanently enjoined "from engaging in or continuing any conduct or practice in connection . . . with the purchase or sale of any security" within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A) of the Exchange Act. Accordingly, he will be barred from association with any broker or dealer. This sanction will serve the public interest and the protection of investors.<sup>2</sup>

IT IS ORDERED THAT, pursuant to Section 15(b) of the Securities Exchange Act of 1934, Scott B. Hollenbeck is barred from association with any broker or dealer.

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James T. Kelly  
Administrative Law Judge

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<sup>2</sup> The fact that Hollenbeck was not associated with a broker or dealer during the time of his wrongdoing does not insulate him from a bar. See Vladislav Steven Zubkis, 86 SEC Docket 2618 (Dec. 2, 2005), recon. denied, 87 SEC Docket 2584 (Apr. 13, 2006).