

**UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION  
October 15, 2004**

**ADMINISTRATIVE PROCEEDING  
File No. 3-11710**

**In the Matter of**

**MICHAEL A. LOMAS and  
MICHAEL L. YOUNG,**

**Respondents.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Michael A. Lomas (“Lomas”) and Michael L. Young (“Young”) (collectively “Respondents”).

**II.**

As a result of an investigation, the Division of Enforcement alleges that:

1. Lomas, age 58, resides in Long Beach, California. Lomas was the chairman of Mobile Billboards of America, Inc. (“Mobile Billboards”) from at least November 2001 through September 21, 2004. During that time, he was also associated with broker-dealers.

2. Young, age 57, resides in Bridgeton, Missouri. From at least November 2001 through September 21, 2004, Young was the president and a director of Mobile Billboards and served as an administrative trustee for Reserve Guaranty Trust (“Reserve Guaranty”). During that time, he was also associated with broker-dealers.

3. On September 21, 2004, orders were entered against Lomas and Young permanently enjoining them from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Mobile Billboards of America, Inc., International Payphone Company, Reserve Guaranty Trust, Michael A. Lomas and

Michael L. Young, Civil Action Number 1:04-CV-2763, in the United States District Court for the Northern District of Georgia. The orders also enjoined Lomas and Young from aiding and abetting future violations of Section 15(a) of the Exchange Act. The Court also froze the assets of Lomas and Young, appointed a receiver for Mobile Billboards of America, Inc. (“Mobile Billboards”) International Payphone Company (“International Payphone”) and Reserve Guaranty, and ordered other ancillary relief. Lomas and Young consented to the orders.

4. The Commission’s complaint alleged that, in connection with the unregistered sale of investment contracts, Mobile Billboards, Lomas and Young sold approximately \$60.5 million of mobile billboard investments to approximately 700 investors. Outdoor Media Industries (“Outdoor Media”), a division of International Payphone, leased the billboards back from investors for seven years for monthly payments equivalent to 13.49% annually. Reserve Guaranty purportedly operated as a sinking fund and issued investors certificates that purportedly guaranteed funding for Mobile Billboards’ 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 Mobile Billboards’ sales materials made false claims about the number of billboards that were operational and misrepresented the value of assets contributed to Reserve Guaranty.

5. The complaint also alleged that the investment contracts were sold through a network of independent sales agents that were acting as broker-dealers, at least some of whom were not registered with the Commission as brokers or dealers. Lomas and Young directed the sales agents. Each of them participated in hiring, training, and directing the operations of the independent sales agents. The complaint further alleged that Lomas and Young prepared and provided sales materials to the agents and paid their commissions. Based on their conduct, Lomas and Young were associated with the sales agents who were operating as broker-dealers.

### **III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defense to such allegations;

B. What, if any, remedial action is in the public interest pursuant to Section 15(b) of the Exchange Act.

#### IV.

**IT IS HEREBY ORDERED**, that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof be convened within twenty (20) days after service of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 at a time and place to be fixed, and before an Administrative Law Judge to be designated by further Order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. Section 201.110.

**IT IS HEREBY FURTHER ORDERED** that the Respondents file an answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. Section 201.110.

If the Respondents fail to file the directed answer or fail to appear at a hearing after being duly notified, they may be deemed in default and the proceedings may be determined against them upon consideration of this Order Instituting Administrative Proceedings, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. Sections 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served upon the Respondents personally or by certified mail forthwith.

**IT IS FURTHER ORDERED** that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceedings will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not a "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority,

Jonathan G. Katz  
Secretary