

Lineberry acquitted of fraud charges

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A federal jury found Hotel Indigo developer D. Mark Lineberry not guilty on 12 fraud counts Wednesday.

Lineberry was [indicted in February 2012](#) on charges of defrauding a financial institution, as well as wire fraud, mail fraud, money laundering and conspiracy. The federal charges were the culmination of a dispute which [began in the fall of 2010](#) when BB&T and Federal National Title Insurance alleged Hotel Indigo and 1st Trust were co-mingling assets and holding back money due to their lenders and insurers.

Lineberry was indicted along with his partner in 1st Trust Title, Delaina Thompson.

Specifically, the grand jury charged the pair with communicating — as 1st Trust — that payments were being made on a loan and into escrow when, in fact, they were not. BB&T has maintained throughout the dispute it was unaware of Lineberry's involvement in both Hotel Indigo and 1st Trust — a relationship which lasted until at least October 2010.

Thompson pleaded guilty to one count of conspiracy to commit bank and wire fraud as part of a plea agreement Sept. 6. Her sentencing is scheduled for early December.

Lineberry's attorney, David Raybin, said the case was complex — there were more than 35,000 pages of documents in evidence — but, ultimately, the jury "got to the bottom of it."

"(The jury) figured out what we'd been arguing all along: that this was a bad business decision on the part of various banks," he said.

The notes in question were funded by money Lineberry lined with [Osama El-Atari](#), who is currently serving a sentence in federal prison for \$55 million in bank and wire fraud himself.

Raybin said he and co-counsel Peter Strianse were able to show that El-Atari was the source of the fraud.

"The challenge was convincing the jury it was a civil case dressed in criminal clothes," Raybin said. "The jury was out less than two hours on 12 counts."

