

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: Mark Joseph Gillis)
_____)

FILE NO. 1200371

Order of Revocation

TO THE RESPONDENT:

Mark Joseph Gillis
(CRD# 2381496)
296 Panorama Drive
Saranac Lake, NY 12983

Hudson Valley Capital Management
2039 Albany Post Road Suite 200
Croton on Hudson, NY

WHEREAS, the above-captioned matter came to be heard on January 24, 2013, pursuant to the Notice of Hearing dated December 7, 2012, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James L. Kopecky, Esq., in the above-captioned matter have been read and examined

WHEREAS, the proposed Findings of Fact of the Hearing Officer concerning Respondent Mark Joseph Gillis are correct and are hereby adopted as modified as the Findings of Fact of the Secretary of State:

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1. The Department served Respondent with the Notice of Hearing on or about December 7, 2012.
2. The Respondent failed to answer, appear, or submit a responsive pleading
3. The Respondent did not appear at the Hearing.
4. At all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
5. On November 8, 2012, the Financial Industry Regulatory Authority ("FINRA") accepted and AWC from Respondent in which he agreed and consented to the following sanction
 - (a) Barred (permanently from association with any FINRA member in any capacity; and
6. That the Order found that Respondent Mark Joseph Gillis, violated Section 10(B) of the Securities Exchange Act, Rule 10B-5. thereunder, caused a violation of Sections 15(C), 15(C)(1)(A) of the Exchange Act, Rule 15C3-1 thereunder, violated FINRA Rules 210, 2020, 4511, 8210, NASD Rule 2440, Interpretative Material 2440-1- Mark Gillis, As his member firms' Chief Executive Officer (CEO), Chief Compliance Officer (CCO), Financial and Operations Officer (FINOP) and 50% owner of the firm, circumvented the Capital and Equity requirements for proprietary transactions and day trading by using the Firm's average price account to improperly day trade millions of shares of stock and then transferred money to himself by trading between his own personal brokerage account and the average price account at prices beneficial to his personal account to the detriment of the short positions in the average price account by making covered purchases of stock from his wife's brokerage account at share prices higher than the market price. To cover losses, Gillis involved firm customers by entering unauthorized trades in customers' accounts and allocating shares to these customers at excessive and unreasonable markups. To cover the trading losses in a stock in the average prices account, he engaged in a fraudulent post-execution trade allocating scheme, in securities to customer accounts at excessive markups. The firms clearing firm liquidated over 470,000 shares of stock valued at \$92,000 from and account as a forced sale to cover a margin call in the account resulting from and unauthorized purchase of another stock. Customers were charged \$558,500 for unauthorized purchases of stock at excessive markups averaging over 218%. Gillis was able to conceal losses in the average price account from his firm's clearing firm through unauthorized trading and allocating shares to customers accounts at excessive markups, Gillis charged markups to customer that were not fair and reasonable. Gillis entered unauthorized trades in customer accounts and used these unauthorized trades to purchase stock at highly elevated fictitious prices, and charge the higher price to customers to pay for losses

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incurred by his day trading in the average price account. Gillis also used unauthorized trading to cover day trading losses. In addition to the unauthorized customer trades associated with his scheme to defraud, Gillis executed additional unauthorized trades in the form of short sales and covered purchases in pension fund resulting in an additional loss of approximately \$395,756 to the pension fund. Gillis did not have written discretionary authority to trade in customer accounts nor did the customers give him permission and authority to effect these transactions. Gillis provided false information during a FINRA on-th-record interview but later recanted his prior testimony during a second interview. A third party representative for a customer contacted Gillis to report unauthorized trading in the account and Gillis misrepresented that the trades were the result of errors and would be corrected rather than reversing the transaction and booking the transaction to the firm's error account, Gillis executed additional unauthorized transactions in the account to unwind the positions at a loss to the customer of approximately \$395, 756. A customer confronted Gillis about unauthorized trading in his account and Gillis misrepresented that the trades in questions were the result of errors made by the clearing firm. Gillis created electronic order tickets for a stock purchase at market-up share prices; the share price information recorded by Gillis was false, creating inaccurate books and records for the Firm. Gillis also created electronic false purchase and sale information which created inaccurate books and records for the Firm. Gillis caused his member firm to operate in a net capital deficiency due to his unauthorized trading. Gillis filed a written notification to FINRA acknowledging the deficiency. Without admitting or denying the findings, Gillis consent to the described sanction and to the entry of findings; Therefore, he is barred from association with any FINRA member in any capacity. This settlement includes a finding that Gillis willfully violated Section 10(B) of the Securities Exchange Act of 1934 and rule 10B-5 thereunder, and that under Article II, Section 4 of FINRA'S by-laws; this makes Gillis subject to a statutory disqualification with respect to association with a member

WHEREAS, the following shall be the Secretary of State's additional Finding of Fact:

7. That Section 8.E(3) of the Act provides, inter alia, withdrawal of an application for registration or withdrawal from registration as a salesperson or investment adviser representative becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registrations was effective.

WHEREAS, the Secretary of State finds the proposed Conclusions of Law of the Hearing Officer are correct and are hereby adopted based on the law and the record in this matter, and as the Conclusions of Law of the Secretary of State:

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1. The Department properly served the Notice of Hearing on Respondent.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. Because of Respondent's failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 1104:
 - (a) the allegations contained in the Notice of Hearing are deemed admitted;
 - (b) Respondent waived his right to a hearing;
 - (c) Respondent is subject to an Order of Default
5. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 1109, he:
 - (a) waived his right to present evidence, argue, object or cross examine witnesses; or
 - (b) otherwise participate at the hearing.
6. That Section 8 E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
7. FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
8. By virtue of the forgoing Findings of Fact and Conclusion of Law, the Respondent's registrations as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(i)(j) of the Act.

WHEREAS, The Hearing Officer recommends that:

An Order shall be entered revoking Respondent's registration as a Salesperson in the State of Illinois.

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WHEREAS, the Secretary of State accepts the Recommendations of the Hearing Officer and has determined based upon the Findings of Fact and Conclusions of Law that an order shall be entered Revoking the salesperson registration of Respondent Mark Joseph Gillis in the State of Illinois.

NOW THEREFORE, IS SHALL BE AND IS HERBY ORDERED THAT:

- 1 Respondent Mark Joseph Gillis' registration as a Salesperson in the State of Illinois is hereby REVOKED

Dated: This 7th day of MARCH 2013.



JESSE WHITE
Secretary of State
State of Illinois

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