In the Matter of

STEVEN K. GILLEY
Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

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 Steven K. Gilley ("Gilley" or "respondent").

II.

In anticipation of the institution of these proceedings, the Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III. 1 and 2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.
III.

On the basis of this Order and the Respondent’s Offer, the Commission finds that:

1. Gilley, age 59, resides in Reidsville, North Carolina. From at least August 2002 through April 2, 2004, Gilley personally sold, and supervised independent sales agents who sold, securities in the form of investments in mobile billboard frames offered by Mobile Billboards of America, Inc. (“MBA”) combined with contacts pursuant to which an affiliated company leased the billboard frame back from the investors in exchange for a fixed monthly sum. Gilley has never been registered by the Commission as a broker or dealer.

2. On May 1, 2006, an order was entered against Gilley permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Scott B. Hollenbeck, Timothy L. Bradshaw and Steven K. Gilley, Civil Action Number 1:05-CV-1272, in the United States District Court for the Northern District of Georgia. Gilley consented to the order.

3. The Commission’s complaint alleged that MBA sold more than $60 million of the billboard frame investments. The investments consisted of mobile 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 the 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.

4. The complaint also alleged that the investment contracts were sold through a network of independent sales agents. The complaint further alleged that Gilley was one of the top three sales agents for MBA and that by himself and through sales agents that he directed, he sold more than $4.7 million of mobile billboard investments to investors. Gilley directed sales agents and received commissions on their sales as well as on sales he made personally. The complaint further alleged that Gilley knew that MBA was using a portion of the purchase price investors paid for the billboards to make the first year of lease payments to investors even though that fact was not disclosed to investors. The complaint further alleges that Gilley operated as a broker-dealer.
IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Gilley’s Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Gilley be, and hereby is barred from association with any broker or dealer.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

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

Nancy M. Morris
Secretary