

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3196 / May 5, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14373

In the Matter of

GUY ALBERT de CHIMAY,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Guy Albert de Chimay (“Respondent”).

II.

In anticipation of the institution of these proceedings, 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.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

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

1. Respondent in 1987 founded Chimay Capital Management, Inc. ("Chimay Capital"), a New York-based, unregistered investment adviser, and served as its chairman and chief investment officer at all times relevant to this matter. Chimay Capital claimed to be the U.S. investment arm of the Chimay family, a line of wealthy Belgian royalty dating to the fourteenth century. Respondent, who claimed to be related to royalty, purported to manage \$200 million on behalf of the royal family and outside investors. Respondent, 47, is a resident of New York, New York.

2. The Commission's amended complaint, dated July 14, 2010, alleged that, in connection with an investment vehicle known as the "Bridge Loan Facility," Respondent misused and misappropriated investor funds, and falsely stated to investors that their funds would be invested and would earn returns of twelve percent. The amended complaint alleged that at least \$6 million of investor money was diverted for Respondent's personal use, including to subsidize his lifestyle, to pay off disgruntled counterparties to unrelated transactions, and to pay early investors in the Bridge Loan Facility who demanded return of their investment. No investment in the Bridge Loan Facility actually was made. In order to facilitate and then conceal the fraud, Respondent falsified bank statements to reflect that he had millions of dollars at his disposal, most of it purportedly in offshore bank accounts.

3. On January 31, 2011, a partial judgment was entered by consent against Respondent, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Chimay Capital Management, Inc. and Guy Albert de Chimay, Civil Action Number 1:10-cv-04582 (WHP), in the United States District Court for the Southern District of New York. The partial judgment deferred ruling on disgorgement, prejudgment interest and civil penalties pending future motion by the Commission.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent be, and hereby is barred from association with any broker, dealer, investment adviser, transfer agent, municipal securities dealer, municipal advisor, and nationally recognized statistical rating organization.

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.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
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