

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 64932 / July 20, 2011**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3248 / July 20, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14477**

**In the Matter of**

**CARLO G. CHIAESE,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Carlo G. Chiaese (“Chiaese” or “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 15(b)

of the Securities Exchange Act of 1934 and 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. Chiaese, age 38, resides in Springfield, New Jersey. Between June 1994 and February 2008, he worked as a registered representative for several registered broker-dealers. Between February 22, 2008 and June 28, 2010, he was associated with a registered broker-dealer, working at an office in Westfield, New Jersey. He holds Series 7 and 63 securities licenses, but is not currently associated with any broker-dealer.

2. C.G.C. Advisors, LLC (“CGC”), a New York limited liability corporation incorporated by Chiaese on December 22, 2003, had offices in Westfield, New Jersey and New York, New York. Chiaese is CGC’s principal member and its controlling person. Although not registered with the Commission, CGC acted as an investment adviser.

3. On March 31, 2011, Chiaese pled guilty to one count of fraud in violation of Title 15, United States Code, Sections 78j(b) & 78ff, Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2 before the United States District Court for the District of New Jersey, in United States v. Carlo G. Chiaese, Crim. Information No. 11-CR-00193.

4. The count of the criminal information to which Chiaese pled guilty alleged, inter alia, that Chiaese defrauded investors and obtained approximately \$2.4 million in money and property by means of materially false and misleading statements and that he used the means and instrumentalities of interstate commerce, United States mails, and facilities of national securities exchanges to defraud investors.

### 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 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent Chiaese be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a

broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any application for re-entry 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