

U.S. SECURITIES AND EXCHANGE COMMISSION

**SECURITIES EXCHANGE ACT OF 1934
RELEASE NO. 52184 / August 1, 2005**

**INVESTMENT ADVISERS ACT OF 1940
RELEASE NO. 2412 / August 1, 2005**

ADMINISTRATIVE PROCEEDING File No. 3-11999

PROCEEDINGS INSTITUTED AGAINST NATHAN A. CHAPMAN, JR. BASED ON CRIMINAL CONVICTIONS

The Commission today announced that it has instituted administrative proceedings 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 Nathan A. Chapman, Jr., who from approximately 1987 through November 2004 was the President and Chairman of the Board of The Chapman Company (“TCC”), a registered broker-dealer, and who is the President, Director and control person of Chapman Capital Management (“CCM”), an investment adviser registered with the Commission. He was also a registered representative and registered securities principal associated with TCC.

The Division of Enforcement alleges in the Order Instituting Proceedings that on August 12, 2004, a federal jury sitting in Baltimore, Maryland convicted Chapman of 23 felony offenses, including investment advisory fraud under Section 206 of the Advisers Act, mail fraud and wire fraud. Several of these offenses, including investment advisory fraud, related to the unauthorized placement by Chapman, through TCC, of 175,000 shares in the account of a CCM client several days after the initial public offering (“IPO”) of the common stock of eChapman, Inc. (formerly eChapman.com) at the IPO price of \$13 per share rather than the market price of \$7 per share. As a result, the CCM client incurred an immediate loss of approximately \$1 million. On November 1, Chapman was sentenced to 90 months incarceration and ordered to pay \$5 million in restitution.

On June 26, 2003, the Commission filed a complaint in the United States District Court against Chapman and others, alleging many of the same facts that served as the basis for the criminal conviction. *SEC v. Chapman, et al.*, Civil Action No. WDQ-03-1877 (D. Md.), Lit. Rel. No. 18203 (June 26, 2003). The court recently stayed the Commission’s case as to Chapman pending the appeal of his criminal conviction.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order Instituting Proceedings are true, to provide Chapman an opportunity to dispute these allegations, and to determine what remedial sanctions, if any, are appropriate and in the public interest.

The Commission directed that an administrative law judge shall issue an initial decision no later than 210 days from the date of the service of the order.