

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3361 / January 25, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14713

In the Matter of

TIMOTHY J. CLYMAN,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND NOTICE OF HEARING

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 Timothy J. Clyman (“Clyman” or “Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Between May 2004 and October 2005, in reliance on a claimed exemption from registration under Regulation D, Clyman, as a Seaforth Principal, and a handful of “introducers,” by means of a private placement offering memorandum (“PPM”) and oral representations raised approximately \$18 million for Seaforth Meridian from almost 70 predominantly accredited – many of them elderly – investors. Respondent Clyman was a managing member of Seaforth Meridian, Seaforth Management and Seaforth Advisors. During the time in which he engaged in the conduct underlying the complaint described below, Respondent was not a registered representative.

B. ENTRY OF THE INJUNCTION

2. On December 2, 2011, a final judgment was entered by consent against Clyman, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Seaforth Meridian, et al., Civil Action Number 5:06-CV-4107-RDR, in the United States District Court for the District of Kansas.

3. The Commission's complaint alleged the Seaforth Principals, including Clyman, fraudulently raised approximately \$18 million from nearly 70 - mostly elderly - investors located in several states. The Seaforth Principals enticed investors to purchase limited partnership interests in Seaforth Meridian with offering materials and oral representations that falsely represented and omitted material information regarding investment strategies and risk of loss, the financial controls over investor funds, and the background, experience, and expertise of the Seaforth Principals. Specifically, the Commission alleged that the Seaforth Principals misled investors about the supposed conservative nature of the Seaforth Meridian investment strategy while, in fact, sending almost 75% of the funds raised to two highly suspect, offshore funds. The Commission also alleged that the Seaforth Principals funneled more than \$600,000 to themselves without having adequately accounted for Seaforth Meridian's profits or losses. Further, the Seaforth Principals lulled investors with false monthly account statements and reports that emphasized the safety of the investor funds.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

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

Elizabeth M. Murphy
Secretary