

# CHIMERA INVESTMENT CORP

## **FORM 8-K** (Current report filing)

Filed 03/15/12 for the Period Ending 03/11/12

Address	520 MADISON AVENUE 32ND FLOOR NEW YORK, NY, 10022
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):  
March 11, 2012

CHIMERA INVESTMENT CORPORATION  
(Exact name of registrant as specified in its charter)

Maryland  
(State or Other Jurisdiction  
of Incorporation)

1-33796  
(Commission  
File Number)

26-0630461  
(IRS Employer  
Identification No.)

1211 Avenue of the Americas  
Suite 2902  
New York, New York  
(Address of principal executive offices)

10036  
(Zip Code)

Registrant's telephone number, including area code: (646) 454-3759

No Change  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 4.01 Changes in Registrant's Certifying Accountant.

(a) Dismissal of Independent Registered Public Accounting Firm

On March 11, 2012, the Audit Committee (the "Audit Committee") of the Board of Directors of Chimera Investment Corporation (the "Company") approved the dismissal of Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm, effective as of the date of Deloitte's completion of the audit services for the fiscal year ended December 31, 2011 and the filing of the annual report on Form 10-K. Upon the effectiveness of the dismissal of Deloitte, the Company will file an amendment to this Form 8-K to update the disclosures required by Item 4.01 of Form 8-K.

Deloitte's report on the Company's consolidated financial statements for the fiscal year ended December 31, 2010 did not contain any adverse opinion or disclaimer of opinion, nor was such report qualified or modified as to uncertainty, audit scope or accounting principles. Deloitte has not yet issued its report on the Company's consolidated financial statements for the fiscal year ended December 31, 2011, and the Company has not yet filed the related Annual Report on Form 10-K (the "2011 Annual Report"). Upon the issuance by Deloitte of its report on the Company's consolidated financial statements for the fiscal year ended December 31, 2011 and the related report on internal control over financing reporting, the Company will file an amendment to this Form 8-K to provide the disclosures required by Item 304(a)(1) of Regulation S-K.

Except for the reportable event discussed below, during the two fiscal years ended December 31, 2011 and 2010 and through March 11, 2012, there were (i) no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Deloitte would have caused Deloitte to make reference thereto in its reports on the Company's consolidated financial statements for such years, and (ii) no "reportable events" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

As previously disclosed, during the third quarter of 2011, the Company determined that the application of ASC 325-40, *Investments – Other, Beneficial Interests in Securitized Financial Assets*, should be applied rather than ASC 320-10, *Investments – Debt and Equity Securities*, in evaluating non-Agency RMBS that are not of high credit quality for other-than-temporary impairment and related interest income recognition. As a result, the Company determined that as of September 30, 2011, the Company had an error in its application of accounting standards that demonstrated a material weakness in the Company's internal control over financial reporting. See "Item 4. Controls and Procedures" in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011. The Audit Committee discussed the subject matter of this error with Deloitte. The Company has authorized Deloitte to respond to any inquiries by Ernst & Young LLP concerning the subject matter of this error.

On March 12, 2012, the Company provided Deloitte with a copy of this Form 8-K and requested that Deloitte provide the Company with a letter addressed to the Securities and Exchange Commission stating whether or not Deloitte agrees with the above disclosures. A copy of Deloitte's letter, dated March 13, 2012, is attached as Exhibit 16.1 to this Form 8-K.

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(b) Newly Engaged Independent Registered Public Accounting Firm

On March 11, 2012, the Audit Committee approved the appointment of Ernst & Young LLP (“Ernst & Young”) as the Company’s new independent registered public accounting firm, effective immediately, to perform independent audit services for the fiscal year ended December 31, 2012 (including with respect to the Company’s quarterly period ended March 31, 2012). During the two fiscal years ended December 31, 2011 and 2010 and through March 11, 2012, neither the Company, nor anyone on its behalf, consulted Ernst & Young regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of the Company, and no written report or oral advice was provided to the Company by Ernst & Young that was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a “reportable event” (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

Item 8.01. Other Events.

On March 15, 2012, the Company issued a press release announcing the items set forth in Item 4.01 hereof. The Company also announced that, in connection with its review of GAAP guidance applicable to the Company’s non-Agency RMBS discussed above, the Company will be unable to file its 2011 Annual Report within the timeframe permitted by Rule 12b-25 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company further announced that, in light of this ongoing review and the appointment of Ernst & Young as discussed above, the Company expects to file its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 within 60 days after it files its 2011 Annual Report. There can be no assurance that the Company will file the First Quarter 10-Q by May 10, 2012, the filing deadline for such report under the Exchange Act.

Forward-Looking Statements

This Form 8-K and the Company’s public documents to which it refers contain (including the Company’s press release issued on March 15, 2012) or incorporate by reference certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements which are based on various assumptions (some of which are beyond the Company’s control) may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may,” “would,” “will” or similar expressions, or variations on those terms or the negative of those terms. These forward looking statements relate to, among other things, the Company’s ongoing review of GAAP guidance applicable to the Company’s non-Agency RMBS discussed above and the timing of the filing by the Company of its 2011 Annual Report and Form 10-Q for the quarterly period ended March 31, 2012. The Company’s forward-looking statements are subject to numerous risks, uncertainties and other factors, including the impact of the transition to a new independent registered public accounting firm and the Company’s ability to timely complete the process necessary to file its 2011 Annual Report and Form 10-Q for the quarterly period ended March 31, 2012. The Company does not undertake, and specifically disclaims all obligation, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

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Item 9.01. Financial Statements and Exhibits .

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits:

16.1 Letter from Deloitte & Touche LLP to the Securities and Exchange Commission, dated March 13, 2012

99.1 Press Release, dated March 15, 2012, issued by the Company

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Chimera Investment Corporation

By: /s/ A. Alexandra Denahan

Name: A. Alexandra Denahan

Title: Chief Financial Officer

Date: March 15, 2012

March 13, 2012  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-7561

Dear Sirs/Madams:

We have read Item 4.01(a) of Chimera Investment Corporation's Form 8-K dated March 11, 2012, and have the following comments:

1. We agree with the statements made in the second, third, fourth and fifth paragraphs.
2. We have no basis on which to agree or disagree with the statement made in the first paragraph.

We read Item 4.01 (b) of Chimera Investment Corporation's Form 8-K dated March 11, 2012 and have no basis on which to agree or disagree with the statements made in Item 4.01(b).

Yours truly,

/s/ Deloitte & Touche LLP

New York, New York

## Chimera Investment Corporation Announces Change of Auditor; Updates Status of 10-K Filing

NEW YORK--(BUSINESS WIRE)--March 15, 2012--Chimera Investment Corporation (NYSE: CIM) announced today that it has appointed Ernst & Young LLP as the Company's independent registered public accounting firm beginning with the quarter ending March 31, 2012. The audit services provided by Deloitte & Touche LLP, the Company's current auditor, will conclude after the completion of Deloitte's audit services for the fiscal year ending December 31, 2011.

As previously disclosed on March 1, 2012, additional time is required for the Company to complete the preparation of its financial statements for the fiscal year ending December 31, 2011, and the Annual Report on Form 10-K. The Company is reviewing its non-Agency residential mortgage-backed securities portfolio to determine the treatment under GAAP according to ASC 320, *Investments – Debt and Equity Securities*, ASC 325-40, *Investments – Other – Beneficial Interests in Securitized Financial Assets* or ASC 310-30, *Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality*.

The Company expects to file its 2011 Form 10-K as soon as practicable, and to file its Form 10-Q for the quarter ending March 31, 2012 within 60 days after it files its 2011 Form 10-K. There can be no assurance that the Company will file the First Quarter 10-Q by May 10, 2012, the filing deadline for such report under the Securities Exchange Act of 1934, as amended.

While the Company has not completed its analysis, the effect of this review may result in non-cash changes in the historical GAAP accounting results of the Company that will not affect the Company's previously announced GAAP or economic book values, actual cash flows, dividends and taxable income for any period. The Company's previously announced third quarter 2011 GAAP book value of \$3.27 per share and economic book value of \$3.01 per share will not change as a result of this analysis. The Company determined that as of December 31, 2011, its GAAP book value was \$2.97 per share, its economic book value was \$2.82 per share, and its taxable income for the fourth quarter 2011 was \$0.11 per share. The Company's dividend distributions are based on taxable income, not GAAP income, and the results of this analysis will have no impact on the Company's prior or future dividend distributions. On March 1, 2012, the Company declared the first quarter 2012 common stock cash dividend of \$0.11 per common share. This dividend is payable April 27, 2012, to common shareholders of record on March 30, 2012. The ex-dividend date is March 28, 2012.

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Chimera Investment Corporation invests in residential mortgage loans, residential mortgage-backed securities, real estate-related securities and various other asset classes. The Company's principal business objective is to generate income from the spread between yields on its investments and its cost of borrowing and hedging activities. The Company, a Maryland corporation that has elected to be taxed as a real estate investment trust ("REIT").

This news release and our public documents to which we refer contain or incorporate by reference certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which are based on various assumptions (some of which are beyond our control) may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "would," "will" or similar expressions, or variations on those terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, our business and investment strategy; our projected financial and operating results; our ability to maintain existing financing arrangements, obtain future financing arrangements and the terms of such arrangements; general volatility of the securities markets in which we invest; the implementation, timing and impact of, and changes to, various government programs, our expected investments; changes in the value of our investments; interest rate mismatches between our investments and our borrowings used to fund such purchases; changes in interest rates and mortgage prepayment rates; effects of interest rate caps on our adjustable-rate investments; rates of default or decreased recovery rates on our investments; prepayments of the mortgage and other loans underlying our mortgage-backed or other asset-backed securities; the degree to which our hedging strategies may or may not protect us from interest rate volatility; impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters; availability of investment opportunities in real estate-related and other securities; availability of qualified personnel; estimates relating to our ability to make distributions to our stockholders in the future; our understanding of our competition; market trends in our industry, interest rates, the debt securities markets or the general economy; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended; and our ability to maintain our qualification as a REIT for federal income tax purposes. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in our Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q. We do not undertake, and specifically disclaim all obligations, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

**CONTACT:**

Chimera Investment Corporation  
Investor Relations, 646-454-3759  
[www.chimerareit.com](http://www.chimerareit.com)