



ADVISORS CAPITAL
MANAGEMENT

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LEADING ADVISORY FIRM PROVIDES CHECK LIST TO HELP INVESTORS REDUCE THE RISK OF BECOMING A PONZI SCHEME VICTIM: ADVISORS CAPITAL MANAGEMENT LLC (ACM), A LEADER IN SEPARATE ACCOUNT MANAGEMENT, SEES THE USE OF AN INDEPENDENT CUSTODIAN AS ONE POSSIBLE KEY DETERRENT TO SUCH CRIMINAL ACTIVITY.

JANUARY 30, 2009 (HASBROUCK HEIGHTS, NJ) – The recent rash of Ponzi schemes has many investors asking how they can make sure they don't fall victim to this crime. In each of the recently reported Ponzi schemes, the rogue money manager also served as the custodian. Therefore, he directly controlled clients' funds, statements and performance reporting, all responsibilities of a custodian. The rogue manager was able to falsify account statements and performance reports and could also withdraw client funds, due to the lack of an independent custodian.

This week, the Senate Banking Committee and the SEC endorsed new action to require independent advisors to custody clients' accounts at independent custodians. Lori Richards, director of the SEC's office of compliance inspections and examinations, outlined several changes to the Securities and Exchange Commission's examination process for investment advisory and brokerage firms. Her proposal requires all advisory firms to have independent custodians. According to Richards, roughly 1,000 out of the more than 11,000 advisory firms registered with the SEC do not use an independent custodian.

ACM agrees with Ms. Richards that the use of an independent custodian is highly desirable as a strong internal control to protect client assets. ACM has used independent custodians for client accounts since our inception.

ACM believes investors can do even more to protect themselves and has created a helpful check list:

1. Always require the use of an independent custodian for all investment accounts.
2. All checks for deposit to a client account should never be made payable to the investment manager or to the investment management company. Checks should only be payable to the custodian for benefit of the client's account.
3. If your advisor is a discretionary asset manager, meaning they make trades in your account on your behalf, the advisor should only require a limited power of attorney. A full power of attorney would give the manager access to your funds or securities and this is both unnecessary and inappropriate.

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4. Account transfers, deposits or withdrawals must require client approval and should require proper custodial documents signed by the client.
5. Clients should expect a statement of their account each month and that statement should be produced and sent directly from an independent custodian.
6. Reports created and prepared by the advisor, although useful, should not be considered a statement of your account or a substitute for a statement from the custodian.
7. Understand the legal limitations of pooled investment vehicles, such as private placements and hedge funds. These types of investments pool clients' assets and then may provide limited visibility, liquidity and reporting as to your individual value.
8. Ask the advisor to explain his or her investment strategy and philosophy. Request performance and trading activity reporting. If you cannot understand the strategy, you should not invest. Also keep in mind that the actual trading activity must match up with the strategy.
9. If the returns of the strategy are too good to be true, proceed with caution. Are the reported returns certified by an outside and independent auditor? Is the auditor well established? Compare the performance with accepted benchmark indices over 1, 3 and 5 year periods.
10. Require that your advisor provide GIPS® standard performance reporting that have been certified by the independent auditor. Global Investment Performance Standards (GIPS®) are a set of standardized, industry-wide ethical principles that provide investment firms with guidance on how to calculate and report their investment results to prospective clients.

About Advisors Capital Management, LLC

Advisors Capital Management LLC is a provider of privately managed investment accounts located in Hasbrouck Heights, NJ. ACM clients establish their own account at an independent custodian and then elect ACM to manage the account based on a predetermined investment strategy. ACM provides investment management services to individual investors and financial professionals. ACM's investment program is created for discerning investors who are looking for true private account management. Each portfolio is tailored from an investor's unique investment policy to take into consideration personal risk levels and objectives.

ACM's co-founder and Chief Investment Officer, Dr. Charles Lieberman, oversees the firm's value oriented investment philosophy. Dr. Lieberman is the former Chief Economist at Chase Bank and is a regular guest on CNBC, Bloomberg, and many other financial news outlets throughout the world.

For a complete listing of ACM's programs and management fees, please read Part II of our Form ADV, available upon request. ACM is a registered investment advisor. Weekly economic and market commentary are available to interested investors and advisors by visiting www.advisorscenter.com.

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