



ANCHOR BAY CAPITAL, INC.

INVESTMENT MANAGEMENT & WEALTH ADVISORS

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Dear Client:

The confidence of many investors has been shattered by Bernard Madoff's alleged Ponzi scheme. His exceptional credentials allowed him to deceive so many people for so long. Mr. Madoff had served as chairman of the NASDAQ Stock Market Inc. in New York. He also served as head of the Securities Industry Association and was active in social and philanthropic circles.

If you can't trust a guy with his credential, is it possible to trust anyone? If you want to know how you can avoid con artists who masquerade as legitimate financial advisers then look for the following.

1. I don't overtly tout my firm's ethics, honesty and trustworthiness. Honesty is a given. Anyone who aggressively promotes honest is raising a red flag. Mr. Madoff's website stated, "Clients know that Bernard Madoff has a personal interest in maintaining the unblemished record of value, fair dealing and high ethical standards that has always been the firm's hallmark." Such bragging could be a sign of trouble.
2. Our firm never accepts investment checks payable to me or our firm. Investment checks are always made payable to Fidelity Investments. This way no one from our firm has access to your assets.
3. You receive a Fidelity Statement as well as a separate report from Anchor Bay Capital. You don't receive just a single statement from our firm. Fidelity backs up any trades with a separate confirmation.
4. We don't promise clients high rates of return. Mr. Madoff claimed to be producing returns of 1% every month. Any honest adviser knows such consistently high returns are impossible. Nobody has the magic elixir; there is no secret sauce or magic formula. If anybody who claims to have consistently produced return far in excess of everyone else isn't viewed with great suspicion, they should be.
5. We don't invest in anything we can't easily explain. Mr. Madoff was unable to explain how he invested the money he managed. In fact, that became part of his shtick; with clients joking that he used "a black box." They aren't laughing anymore. If we can't explain our investment strategy or our approach is so sophisticated that mere mortals couldn't understand it, then we wouldn't use it.

Although the Madoff story is discouraging, investment fraud is far from new, in fact investment fraud has existed as long as investments themselves.

Please keep in mind that our investment team only has the authority to invest your assets into the securities that we deem appropriate for your objectives. No member of our firm has access to your cash or investments without your express consent such as a request for a check on your behalf. Any funds requested on your behalf can only be sent to your address of record. Please contact me with any questions or concerns.

Sincerely,

Scott Spiering
President