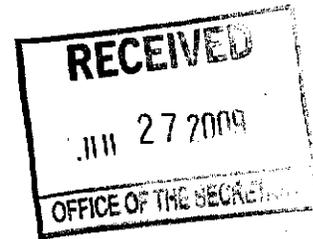


Proposed Amendments to Rule 206(4)-2

July 14, 2009

Ms. Elizabeth M. Murphy Secretary
 United States Securities and Exchange Commission
 100 F Street, NE
 Washington, DC 20549-1090



RE: Proposed Amendments to Rule 206(4)-2

Release No. IA-2876

File No. S7-09-09

Dear Ms. Murphy:

Investor's Capital Management, LLC an SEC Registered Investment Advisor wishes to express its views in response to the Securities and Exchange Commission's (the "Commission") request for comments on the proposed amendments to Rule 206(4)-2.

As an investment adviser registered with the SEC, under proposed amendments to Rule 206(4)-2, we would be deemed to have custody solely because we have the authority to deduct advisory fees from our clients' accounts, all of which are maintained by Charles Schwab and Co. (Schwab), an independent, qualified custodian. **We strongly believe that the portion of the proposed Rule, which would require advisers with this form of custody to undergo an annual surprise audit, is extremely dangerous.**

As required by current Rule 206(4)-2, the independent qualified custodian maintaining our clients' accounts delivers account statements, on a monthly basis, directly to clients, identifying the amount of funds and securities at the end of the period as well as all activity in the clients' accounts. Our clients receive comprehensive account information directly from the qualified custodian and are thus able to monitor the activity in their accounts including the itemized management fee. Additionally, our clients receive from us a detailed billing statement showing exactly the fee to be deducted from the clients' account(s). They receive our billing statement before or at the same time the fees are deducted. Furthermore, our clients agree, in writing, that our advisory fees will be deducted directly from their advisory accounts. Accordingly, the safekeeping measures currently required by Rule 206(4)-2 provide our clients with the ability to sufficiently identify and detect erroneous or

Rich Chambers, CFP®, Julie Schatz, CFP®, & Jennifer Cray, CFP®

1100 Alma Street #200, Menlo Park, CA 94025 866-966-9291(v) 650-472-8924 (fax) Email: info@fccsonly.com Web: www.fccsonly.com

Investor's Capital Management, LLC

fraudulent activity. Furthermore, the custodian (Schwab) prohibits fee deductions that they deem to be excessive.

Based on the Commission's estimates, we would be subject to the surprise examination requirement and we would pay an accounting fee, on average, of \$8,100. Such an expense would financially impair our operations. This burdensome expense seems particularly difficult to justify when the surprise examination is directed primarily at verifying client funds and securities. That verification of client funds and securities is redundant when there is an independent qualified custodian and will do nothing to address the Commission's central concern: whether we have improperly withdrawn amounts in excess of our stated fees.

What we believe will occur is that advisors, once they absorb the additional auditing fee, will realize that many other billable services can now be offered. Advisors will begin to access other client accounts where there is no independent custodian whose job it is to monitor the advisor. Handling client withdrawal and deposit checks and online banking, 401k, 403b account access are just a few examples. **The use of custody will be widened as a result on the proposed amendment. As you can imagine, once the independent custodian is out of the picture, a few advisors will be seduced and begin to steal client assets.**

Given that the existing safeguards in place are adequate for firms in our situation, considering the adverse effects of a mandatory surprise audit on us as well as clients, and taking into account the likely increase in asset theft, we respectfully request that the SEC leave current Rule 206(4)-2 intact and unchanged with respect to advisors who have custody solely because they have the authority to deduct advisory fees from client accounts.

We thank the Commission for the opportunity to comment on this matter.

Yours truly,

A handwritten signature in black ink, appearing to read "Richard C. Chambers". The signature is fluid and cursive, with a prominent initial "R" and a long, sweeping underline.

Richard C. Chambers, CFP®