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This brochure provides information about the qualifications and business practices of Stanford Wealth Management, LLC. If you have any questions about the content of this brochure, please contact us at 775 832-5440 or [joe@stanfordwealth.com](mailto:joe@stanfordwealth.com). The information in this brochure has been filed annually with the United States Securities & Exchange Commission (SEC) and the Securities Division of the State of Nevada for 19 years. It has not been approved or verified by the SEC or by any state securities authority.

Additional information about Stanford Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The term "registered investment advisor" or "registered" does not imply a particular level of skill or training.

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## ***Advisory Business:***

**For 19 years, Stanford Wealth Management LLC has provided wealth and risk management services.**

### **Who are the principals who lead Stanford Wealth Management?**

Our two principals, Joseph Shaefer and Heather Williams, each have more than 35 years experience in the financial services industry. Each has held virtually every brokerage industry appellation, to include Branch Office Manager, Registered Options Principal, Registered Principal and Financial and Operations Principal.

Mr. Shaefer, CEO and Chief Investment Officer (CIO), holds a BA in International Relations from UCLA and an MBA in Global Studies from American Military University. He is a retired General Officer with 36 years of active and reserve uniformed service, during which time he served in various special operations, human intelligence and geopolitical analysis positions. Prior to founding Stanford Wealth Management, he was Senior Vice President of Charles Schwab & Co., where he was responsible for a region with over \$10 billion in client assets.

Ms. Williams, Chief Compliance Officer (CCO) and Chief Operations Officer (COO) holds a BA from the University of California at Davis and holds a Certificate in Training & Development from UC Berkeley. Prior to joining Stanford Wealth Management, she was the Manager of the Honolulu branch of Charles Schwab & Co., managing a staff of 17 and well over \$500 million in customer assets.

### **What services do we provide to clients?**

Stanford Wealth Management helps clients determine their investment goals, then creates an asset allocation plan that allows us to build and maintain the most appropriate portfolio to reach those goals.

If our clients do not have a preferred brokerage custodian, we suggest one of the large discount brokerage firms. In pursuit of client goals, we employ the liquidity of common stocks, mutual funds, closed-end funds, exchange traded funds, real estate investment trusts, put and call options, preferred stock, and/or convertible or straight bonds.

We provide a Client Portfolio Review to clients every 12 weeks at the end of each calendar quarter. It details and reviews the performance the client has achieved, the amount of our fees, and provides 4 nationally-recognized benchmarks for performance comparison purposes.

We also send, each month, the most recent issue of Investor's Edge ® as a means of stating our general investment philosophy. In addition, clients receive, of course, confirmations of each trade as they occur and monthly statements (if there is activity; otherwise quarterly) from the custodian brokerage firm. Margin accounts are acceptable if appropriate to the client's stated objectives. We accept as accounts: individuals, corporations, personal retirement accounts, trusts and estates.

**What is our investment philosophy? What methods of analysis do we use?**

We are value investors who primarily rely upon fundamental, cyclical, flow-of-funds, and investor sentiment analysis and indicators. We take a long-term view of investing and seek to identify the best companies in the most favorable sectors. Our purview is global and we may find the best companies in other developed or developing economies.

Our main sources of information include the Internet, financial newspapers and magazines, first-hand inspections of corporate activities, global travel, research material prepared by others, annual reports, prospectuses, filings with the SEC, and company press releases.

Based upon our analysis, we make long-term and short-term purchases of equities and fixed-income investments. Where appropriate for a particular client we may write options including covered, uncovered, and spreading strategies, and, for aggressive accounts, we may sell short.

**Do we ever share a financial interest in client transactions?**

Absolutely not. We consider it a conflict of interest to do so. We do, however, purchase or sell for ourselves or our families the same securities which we also recommend to clients. In such a case the transactions are related to personal financial factors.

We believe that any advisor worth their salt should be willing - nay, anxious -- to buy the same securities they recommend to clients. We really don't understand advisors who say, "We are unbiased. We don't buy anything we recommend to you." They're biased, OK - they are unwilling to have the faith in their recommendations they ask you to have!

**What are our conditions for managing accounts?**

The minimum net asset value account Stanford Wealth Management manages is \$500,000. We may make exceptions if the client is a referral from an existing client or is a subscriber to Investor's Edge ®. (This minimum is negotiable only if the client assures us that the account will be quickly brought up to minimums.)

We will conduct a telephone or in-person interview to ascertain that both parties are comfortable with entering into a professional relationship and have answered any questions of interest prior to beginning that relationship.

In addition, beginning in 2011 all new clients complete a brief Client Investment Profile that details their goals, their stated risk tolerance, their experience level and substantial assets held elsewhere. (This last item is particularly important so we don't over-buy in a sector that the client already has a great deal of with another custodian, advisor, or pension plan.)

**What investment discretion do we maintain?**

We maintain investment decision discretion over all assets under management. That means that we accept it as our responsibility to determine what sectors, industries, and securities best allow our clients to achieve their stated goals.

We have absolutely no relationship (other than using them as a custodian for client assets) with any custodian brokerage firm or any company we may purchase or sell for clients. In addition, broker/dealer research reports have not been and will not be a factor in broker/dealer selection.

We receive no cash or other compensation, nor do we derive any economic or personal benefit, from any broker, dealer, or non-client in connection with the advice we give you. We do not now, never have, and never will engage in "soft dollar", late-trading, or other schemes that place someone else's interest ahead of our clients. We do not compensate any person for client referrals. Our interest is in helping you reach your investment goals. Period.

**Do we tailor portfolios for each client?**

Absolutely. While many clients may own at least some of the same securities, each client's investment goals form the basis of our portfolio selections. In addition, if a particular client has a substantial position in the same sector elsewhere, we would not add to it. And if a client feels strongly about investing in, or not investing in, a particular sector or industry, we take those desires into consideration when establishing and reallocating the portfolio.

**What are our total assets under management?**

As of February 28, 2011, we managed, on a discretionary basis, just over \$35 million.

***Fees and Compensation***

We charge a percentage of client assets under management (AUM). Fees are calculated and charged quarterly at the conclusion of each quarter, never in advance, and are billed from the time of the initial commitment of funds by the client. Our entire fee structure is as follows:

AUM up to \$550,000: 1% per annum, payable at a rate of 0.25% per quarter.

On the amount greater than \$550,000: 0.75% per annum, payable at a rate of 0.1875% per quarter.

This is our entire fee schedule. Our sole compensation comes from these fees; we accept no compensation from any third party. Our fees are fixed.

We bill only at the conclusion of each quarter, never in advance, and typically direct-bill clients by debiting directly from their accounts - with their written permission, of course. In a case where direct debit is not possible, such as when a client has only an IRA under management, we will bill via credit card each quarter.

**Are there any other fees or expenses clients may incur?**

Yes. Commissions charged by the custodian brokerage firms. If clients accept our suggestion to select one of the big online brokerage firms, the most they will currently pay is \$10 per transaction.

Of course, our clients always retain the right to take our recommendations and purchase those recommendations from other firms not affiliated with us.

***Types of Clients*****What are our conditions for managing accounts?**

We accept as clients: individuals, personal retirement accounts, corporations, trusts, and estates. We do not do business with banks or thrifts.

The minimum net asset value to open an account is \$500,000 unless the client is a referral from an existing client or is a subscriber to Investor's Edge ® in which case our

minimum may be as low as \$250,000. This minimum is negotiable only if the client assures us that the account will be quickly brought up to minimums. This minimum is not imposed due to losses incurred due to adverse financial markets.

We are registered investment advisors, not "financial planners." We do not advise on family budgeting, comparisons of automobile loans, insurance decisions, etc. Our job is to help you reach your stated investment goals by assisting you in building a portfolio that will do just that.

## ***Methods of Analysis***

**How do we determine what sort of portfolio to build and which securities to buy and sell?**

We are value investors who primarily rely upon fundamental, cyclical, flow-of-funds, and investor sentiment analysis and indicators. We take a long-term view of investing and seek to identify the best companies in the most favorable sectors. Our purview is global and we may find the best companies in other developed or developing economies.

Our main sources of information include the Internet, financial newspapers and magazines, first-hand inspections of corporate activities, global travel, research material prepared by others, annual reports, prospectuses, filings with the SEC, and company press releases.

Based upon our analysis, we make long-term and short-term purchases of equities and fixed-income investments. Where appropriate for a particular client we may write options including covered, uncovered, and spreading strategies, and, for aggressive accounts, we may sell short.

The way we assist clients in building a wealth portfolio that is sensitive to all the types of risk an investor may face (see also "Risks in Investing" directly below) is comprised of a disciplined approach to researching the best times to initiate or re-balance holdings, the most attractive sectors in which to invest and, then, the best individual issues to achieve client objectives.

**TO DETERMINE APPROPRIATE ENTRY AND RE-BALANCING PERIODS,  
WE REVIEW:**

Among others, the aggregate for key benchmarks Dow 30, S&P 500, Nasdaq and Russell 2000 Liquidity Ratios such as Working Capital Ratios and Quick Ratios; Debt Ratios such as Asset Coverage, Percentage of Total Capital Ratios, Debt/Equity Ratio, Cash Flow/Debt, Interest Coverage and Preferred Dividend Coverage; Profitability Ratios like Gross Profit Margins, Operating Profit Margins, & Net Profit Margins, Pre-tax return on Invested Capital, Net Return on Equity and Inventory Turnover; and Value Ratios such as the Percentage of Available Earnings Paid out as Preferred and Common Dividends, the Earnings per Common Share, the Dividend Yield, the Price Earnings Ratio, the Price to Sales Ratio, the Book Value Ratio, Equity per Preferred Share, and Equity per Common Share; as well as a number of sentiment, behavioral and seasonal-pattern indicators.

**FOR SELECTING ASSET CLASSES, SECTORS AND INDUSTRIES, WE REVIEW:**

All of the factors above but with an eye toward selecting only those germane to the specific asset class, sector and industry we are reviewing.

We review which sectors and industries within the areas of best investment choice represent the best valuations as well as the best prospects for outsized security appreciation. We then select the asset type that might afford the greatest degree of safety and return. We typically include among our choices stocks, bonds, open-end mutual funds, closed-end mutual funds, exchange-traded funds, preferred stocks, and convertible bonds and preferreds.

Having thus considered asset allocation/timing, sector rotation, and asset type, we move on to the final measure of investing success: individual asset selection.

**FOR SELECTING AN INDIVIDUAL SECURITY, WE REVIEW:**

All of the factors above but with an eye toward selecting only those that apply to the individual company, their competitors and their customers.

We subscribe to Armed Forces Journal, Dick Davis Digest, Defense Journal, Forbes, Investor's Digest, Income Digest, Investment Advisor, and Investment News and read the online versions of Barrons and the Wall Street Journal.

We exchange financial letters with Positive Patterns, Street Smart Report, Global Investing, NoLoad Fund Investing, Safe Haven Investing, Sound Advice and others.

We have daily or weekly e-mail subscriptions to Strategic Forecasting, Money and Markets, FullerMoney.com and Nikitsky Fund Research.

We survey a number of web sites regularly, including (but not limited to) Bank Stocks, Bloomberg, ClearStation, Closed-End Fund Assn, CNN Money, Econbrowser, DOE Energy Information Administration, ETFConnect, iShares, Forbes, Fortune, Fund Advice.com, Index Funds, Investor Guide, Marketwatch, MaxFunds, Minyanville, Moody's Economy.com, Morningstar, MineSet, MSN Money, PowerHouse, Quantum Online, Resource Investor, Smart Money, Stock Lemon, Stock Patrol, Value Line, WSJ Online, and WisdomTree, as well as all the third-party research available at Fidelity, Vanguard, Charles Schwab, E-Trade, and TDAmeritrade.



Investing entails risks! We can provide no better analysis of those risks than "Risks In Investing," a reminder we send to every client every year as a way to remind them of not only the risks inherent in seeking reward, but how we analyze and do our best to mitigate those risks. Some may find this "TMI" - too much information - but we believe in complete transparency, full disclosure, and making as much information as we can available to our clients.

## **"RISKS IN INVESTING"**

We believe the concept of "risk" is misunderstood by many investors and understated by some advisors. We are both "Wealth" and "Risk" Managers and we believe most publications, websites, brokers and advisors do not understand the types of risk that an investor may encounter and the steps that should be taken to mitigate these risks. Here are the ones we believe are most important for investors to understand.

### **I. TYPES OF RISK**

#### **A. MARKET RISK**

This is one type of "price" risk. The entire market could sell off in response to some piece of economic or political news. Your portfolio would be affected in such a scenario. Your risk will likely be mitigated by our diversification policies, but it will still be affected.

#### **B. INDUSTRY RISK**

This is another "price" risk. Every industry gets ignored or even passed by from time to time. Makers of buggy whips and saddles were once key to American growth as were blacksmiths and seamstresses. It's entirely possible that your mainframe maker, PC maker, software provider, or network router will be rendered obsolete by two guys in their garage, as well. We follow industry trends for you so as to minimize these possibilities, but industry risk means we must diversify by sector and industry to fully protect you.

#### **C. COMPANY RISK**

And here is the most common example of "price" risk. If your company performs poorly in the competitive marketplace; is perceived as vulnerable to being marginalized by smarter, more nimble competitors; if it reports rotten financial performance; or just plain loses investor interest (or a number of other problems unique to that company), its price will go down. Again, our diversification policies, in "How We Mitigate These Risks," below, will help protect you against these risks.

#### **D. NON-DIVERSIFICATION RISK**

It is easy to become so enamored with a company, a sector or an industry that we lose all sight of what intelligent investing entails. It is better to accept a slightly

smaller return in order to drastically reduce our risk profile. The NASDAQ climbed 85% in 1999 and some clients, looking in that rear-view mirror, asked why we didn't invest more in OTC startups selling at 300 times earnings if, indeed, they had earnings. (Most did not.) One big reason - diversification would have saved you from the terrifying declines that followed. The NASDAQ began a decline in 2000 that leaves it more than 50% below its high more than a decade later! By not diversifying, you would have missed an 85% short-term play, but by diversifying you would have avoided the subsequent drop that would have seen you lose it all and more - and still be below where you started -- years later.

#### E. FINANCIAL RISK

This is the type of risk most often overlooked by investors. It has to do with a company's cash flow, debt, and true net worth. If your idea of a fun time is ripping into balance sheets, income statements and fine print footnotes, like I do, you'll have less problems here. If you haven't the time, experience or discipline to do so, consider using a shortcut like The Standard & Poor's Stock Guide or Value Line which rank firms for financial stability. But do, yourself or via a third-party service, make sure this is a company that can survive in a deep recession with lower sales and earnings.

#### F. COST OF DOING BUSINESS RISK

More a risk in Nasdaq Bulletin Board, pink sheet, and foreign exchange-listed firms in "emerging" countries, this risk refers to the ability to get in and out of a stock expeditiously and at a fair price. Stocks trading on the NYSE tend to have a large number of shares outstanding, lots of interest in buying and selling by investors, and market-making by heavily-scrutinized market makers. The OTC markets, on the other hand, have often been characterized by disgustingly huge spreads and the attitude by some dealers that as long as their firm makes big bucks, the customer be damned. When we trade in the OTC markets, we almost always place limit orders. (The exception being when the shares are in OTC behemoths like MICROSOFT or INTEL that have scores of competing market-makers and trade so many shares a day they may as well be listed securities.)

#### G. LIQUIDITY RISK

What if there is no market for your stock or bond? You need to make certain that the issues you buy have sufficient liquidity to find a buyer when it's time to sell. I've seen it happen in the case of some thinly-traded bonds, for instance, that the bid and ask were 101 - 110 (\$1010 bid, \$1100 asked). But when you went to sell your 25 bonds you found the bid was for the first 5 bonds only - or was only for a "round lot" of 1000 bonds (\$1,000,000) or more. After that, the next bid was at 96 (\$960) for 5 bonds and 91 (\$910) for the remaining 15. At Stanford Wealth Management LLC, we stick with stocks and bonds that trade on the primary exchanges and in sufficient quantities to absorb your buys and sells without affecting the market.

## H. POLITICAL RISK

Political risk is often thought of as primarily a risk for international investors, where governments might be less stable than our own. But we broaden our concern include the U.S. as well: let's say you are an investor in a coal-mining firm headquartered in the US with 100% of its properties and assets in the US. You still have to assess the political risk of your investment. If it becomes politically incorrect to mine coal, or raise cattle, or grow genetically modified crops, or provide managed care, or whatever, your otherwise fine company will be punished for its transgressions.

## I. MANAGEMENT RISK

You only have two big risks with management: they could be scoundrels or they could be incompetent. Most senior managers of most companies are relatively responsible individuals -- a little more ego-driven and self-absorbed than the population at large, but at least highly competitive, fearful of doing anything which might land them in jail or out of the executive suite, and with some sense that their future employment depends on shareholders. But there are some who will lie outright, and others who are not up to the job. If you start seeing lame excuses come out of the mouths of management quarter after quarter, you can suspect the latter. If we have even the inkling that management is trying to pull the wool over your eyes or their own, we get out.

## J. CURRENCY RISK

This is the risk you assume when investing in foreign securities. If your foreign company goes up 20% in value on its own home turf, but the US dollar falls in value by 20%, you've made \$0 on your investment. You buy *Compagnie Marveloso*, for instance, at 50 squidiniyas and it goes from 50 to 60 squidiniyas. If the dollar/squidiniya rate was 1:1 when you initiated the investment, but is now 0.8:1, that means you paid \$50 for 50 squidiniyas and exchanged the 50 squidiniyas for 100 shares of *Compagnie Marveloso*. Now you want to sell. You sell 100 shares of *Compagnie Marveloso* for 60 squidiniyas. But when you exchange your 60 squidiniyas for dollars, you find you only get 80 dollars for every 100 squidiniyas. So for every 60 squid, you get \$48. Not a great return, in dollar terms. The average Squidite citizen made 20%; because of currency risk, you, on the other hand, lost 4%.

Stanford Wealth Management LLC invests in foreign companies, but we stress developed world nations and companies. We also most often use mutual funds, closed-end funds, and exchange-traded funds (ETFs) that have the portfolio size to allow them to hedge their currency risk. This slightly reduces their overall returns but hugely reduces the currency risk, as well.

## II. HOW WE TRY TO MITIGATE THESE RISKS

We will diversify your portfolio to attempt to protect you from the unusually high losses which can result from too much concentration. In most circumstances, initial

purchases of no more than 30% of your portfolio will be in a single industry, no matter how desirable it may seem at the moment.

If outsized gains drive any single industry to more than 50% of the portfolio, we will typically scale back. Initial purchases of no more than 15% of your portfolio will ever be in a single company. If outsized gains drive any single company to more than 25% of the portfolio, we will scale back to that level or below.

Our goal is to develop a portfolio which reacts well to a number of different market environments. We will typically purchase stocks, convertible bonds, convertible preferred stock, preferred stock, bonds, mutual funds, and cash.

We read voraciously. We stay abreast of world events via The New York Times, The Washington Post, Defense News, Stratfor Intelligence Reports, Armed Forces Journal, and scores of other science, technology, and national and world affairs publications to complement our economic and financial readings in The Wall Street Journal, Barrons, Forbes, and scores of favored websites.

We base all purchase and sale decisions on publicly available information. Only. Always. Don't call us with what you think is inside information; we do just fine without it.

We will not engage in "soft dollar" arrangements as they pose, in our opinion, a potential conflict of interest.

We do not currently engage in IPOs. If ever we were the recipients of a "hot issue" that hot issue will be given to clients only. Officers and employees of Stanford Advisory Group, Ltd. will not be allowed to participate in these IPOs.

We will, as often as our resources permit, purchase the same securities or securities in the same industries and/or sectors that we recommend to our clients. Sometimes this will amount to just one or two hundred shares to indicate to our clients our faith in our own recommendations. Sometimes it will amount to more. You may be certain that we are concerned about the same risks you are concerned about.

### ***Disciplinary Information***

Neither our firm nor any management person or other member of our firm has ever been the subject of a criminal or civil action in a domestic, foreign, or military court. Ever.

Neither our firm nor any management person or other member of our firm has ever been the subject of an administrative proceeding before the SEC, any other federal

regulatory agency, any state regulatory agency, or any foreign financial regulatory agency. Ever.

Neither our firm nor any management person or other member of our firm has ever been the subject of a self-regulatory organization (SRO) proceeding. Ever.

### ***Other Industry Activities***

Mr. Shaefer publishes "(J.L Shaefer's) Investor's Edge ®" and provides a gratis copy to every client every month. This general-interest financial letter discusses macro-trends and delves into sectors, industries and representative companies that may be of interest to investors. Each issue also contains two portfolios of securities that have been continuously maintained since their inception on 1 January 1999. The combination of financial commentary and the discipline of maintaining these portfolios often gives investors a better insight into different investing approaches and long-term investing trends.

He also writes articles of general investing interest from time to time. In the interest of "keeping things simple," most of these articles are now published on one investing site only, Seeking Alpha ([www.seekingalpha.com](http://www.seekingalpha.com).) Many of his articles, however, are then selected for syndication by other general-interest investing websites.

Finally, Mr. Shaefer will very occasionally speak to interested investment groups and clubs on geo-political, financial and investing issues.

### ***Code of Ethics***

#### **Does Stanford Wealth Management have a formal Code of Ethics?**

We do. It binds our firm, our leadership, and every employee to uphold the highest standards of ethical interaction with our clients, our vendors, and our regulatory agencies. Among its key provisions are:

The clear understanding is that Stanford Wealth Management has a fiduciary responsibility to its clients. Accordingly, our current and future employees must and will avoid activities, interests and relationships that are contrary (or may even appear to be contrary) to the best interests of clients. This means Stanford Wealth Management current and future employees will...

Place client interests ahead of Stanford Wealth Management's - As a fiduciary, Stanford Advisory must serve its clients' best interests.

Never benefit at the expense of advisory clients. This concept is particularly important when current and future employees are making personal investments in securities traded by advisory clients.

If engaged in personal investing, ensure that is in full compliance with Stanford Wealth Management's complete Code of Ethics, specifically its Personal Securities Transactions section.

Never take advantage of one's position by accepting investment opportunities, gifts or other gratuities from individuals seeking to conduct business with Stanford Wealth Management.

Maintain full compliance with the Federal Securities Laws - current and future employees must abide by the standards set forth in Rule 204A-1 under the Advisers Act, as well as the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Investment Advisers Act of 1940, Title V of the Gramm-Leach-Bliley Act, and any rules adopted by the Commission under any of these statutes.

A copy of the full 7-page Code of Ethics is available to prospective or current clients at any time.

#### **Do we ever invest in the same securities that we recommend to our clients?**

Absolutely. We believe a failure to invest in the same sectors and/or securities as we recommend to clients is the mark of an advisor who either doesn't believe in their recommendations or, worse, is buying what they think is best for themselves then recommending something else to clients. At any given time, we may purchase or sell for ourselves or our families the same securities which we also recommend to clients. In such a case the transactions are related to personal financial factors. We believe that any advisor worth their salt should be willing - nay, anxious -- to buy the same securities they recommend to clients. We really don't understand advisors who say, "We are unbiased. We don't buy anything we recommend to you." They're biased, OK - they are unwilling to have the faith in their recommendations they ask you to have!

When we enter orders, to ensure that we do not receive a better price than any of our clients, we either purchase securities as a block trade, or as part of the opening rotation on listed exchanges, or in random order beginning at one alphabetic point and continuing in a linear fashion. This way there is never a conflict with our clients' best interests.

### ***Brokerage Practices***

We strongly believe that our fiduciary responsibility to clients extends to obtaining the best combination of low commission expense consistent with superb execution. For this reason, we recommend primarily large, full service "discount" brokers.

We recommend or determine the broker or dealer to be used based on the following:

1. The cost to the client relative to the service received. We do not select the broker or dealer because they are the least expensive available, but rather that broker or dealer that is the least expensive for value received within the awareness of Stanford Wealth Management at the time of the transaction.

2. The availability of investment venues. Some brokers or dealers may offer investments regarded as desirable by us which are not available through other brokers or dealers, such as a more complete offering of No Transaction, No Load Mutual Funds.

3. The administrative ease, execution capability, and speed of transactions. We may consider that in certain cases, effective management of a portfolio requires the selection of a certain broker or dealer.

Broker/dealer research has not been and will not be a factor in broker/dealer selection. We receive no cash or other compensation, nor do we derive any economic or personal benefit, from any broker, dealer, or non-client in connection with the advice we give you.

We do not now, never have, and never will engage in "soft dollar," late-trading, or other schemes that place someone else's interest ahead of our clients.

We do not compensate any person or organization for client referrals.

We typically do no "Directed Brokerage" business. If a client specifically directs us to do business with a certain family member or friend at a full-commission or other brokerage firm, we will consider it - but only after ensuring the client understands they are likely to pay substantially more in commissions and fees by doing so and that they further understand they may not receive the best execution, particularly if that full-commission firm acts as principal rather than as agent in a transaction.

Finally, we always aggregate orders wherever possible. Doing so typically results in the most favorable executions at the best prices.

## ***Review of Accounts***

Stanford Wealth Management's CIO reviews positions and accounts on a continual daily or weekly basis. Stanford Wealth Management's CCO reviews positions and accounts on a continual daily or weekly basis. The combination of both sets of high-level eyes allows us to monitor client assets, portfolios, and transactions on a continual basis.

If we perform need to perform a Special Review, it is most often triggered by:

(1) a change in the client's personal investment objectives, which are stated in every quarterly report the client receives. You need only tell us that your objectives have changed and we will review your current holdings and make the necessary changes.

(2) an "abnormal" performance, favorable or unfavorable, by an investment in a client's portfolio (as judged subjectively by the client or by Stanford Wealth Management.)

All Reviews incorporate a determination of portfolio value relative to historic performance, an analysis of possible reasons for any change in the portfolio, and the advisor's comments and recommendations concerning possible ways to reduce risk or better achieve client's personal investment objectives.

We provide each client an individualized written review of our performance every twelve weeks; this review compares the client's return with those achieved by 4 common investment benchmarks (the DJII, S&P 500, Russell 2000, and Nasdaq Composite.)

In addition, all clients receive monthly account activity statements from the brokerage firms holding their funds and positions and a monthly copy of Investor's Edge® to better understand our macro thinking on the markets.

### ***Client Referrals / Other Compensation***

**Do we receive any economic benefit from or do we pay anyone to refer clients?**

No. Clients come to us as referrals from other clients or because they have read something we have published that piques their interest. We do not pay anyone ever to direct a new client to us.

### ***Custody***

**Do we custody client assets?**

Never. And we strongly believe no client should ever custody their assets at the same firm that provides them investment advice. That's how fraudulent advisors are often able to fool their clients - they can put whatever they like on the monthly statement. We always custody client accounts at a third-party brokerage custodian. We prefer, as best value for services rendered, safety, and integrity, the Big Four US online brokers.



## ***Investment Discretion***

### **What investment discretion do we maintain?**

We maintain investment decision discretion over all assets under management. That means that we accept it as our responsibility to determine what sectors, industries, and securities best allow our clients to achieve their stated goals.

We have absolutely no relationship (other than using them as a custodian for client assets) with any custodian brokerage firm or any company we may purchase or sell for clients. In addition, broker/dealer research reports have not been and will not be a factor in broker/dealer selection.

We receive no cash or other compensation, nor do we derive any economic or personal benefit, from any broker, dealer, or non-client in connection with the advice we give you. We do not now, never have, and never will engage in "soft dollar", late-trading, or other schemes that place someone else's interest ahead of our clients. We do not compensate any person for client referrals. Our interest is in helping you reach your investment goals. Period.

## ***Voting Client Securities***

### **Do we vote your securities on your behalf? (Commonly called "proxies.")**

We do not. We do not participate in corporate voting or proxy requests. Since company management is seldom bound by such actions, it too often becomes nothing but a "straw poll" which the company can accept or reject. Reading proxies, researching the issues, and voting them takes valuable time away from researching whether the company should be bought or held, and the issues are often insignificant or ancillary to the company's success or failure.

If we like a company we buy it. If we don't approve of their corporate governance, we vote with our feet, not with a proxy. If you would like to vote client securities, however, you have only to advise us and we will ensure your mailbox is always filled with such information!

Stanford Wealth Management, LLC  
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Incline Village, NV 89451  
[www.stanfordwealth.com](http://www.stanfordwealth.com)  
775 832-5440

**Supervised Persons:**

Joseph L. Shaefer  
Heather M. Williams

This brochure supplement provides information about Joseph L. Shaefer that supplements the Stanford Wealth Management, LLC brochure. You should have received a copy of that brochure. Please contact Heather Williams at 775 832 5440 if you did not receive Stanford Wealth management's brochure or if you have any questions about the contents of this supplement,

## Joseph L. Shaefer

Year of Birth: 1948

Formal Education: 18 years.

Bachelor of Arts Degree, International Relations, 1969, UCLA. Studies emphasized macro-economic analysis, finance and international politics and business.

International Relations studies, University of Oslo, Norway

MBA program studies, Colorado State University

Master of Arts Degree, Global Studies and Unconventional Warfare, American Military University, 2001.

Business background:

October 1990 to present: CEO, and CIO (Chief Investment Officer,) Stanford Wealth Management LLC. Responsible for strategic guidance and investment philosophy and implementation.

Financial Writer. Author of Dow Jones-Irwin's investment classic **Bringing Home the Gold**, published in English & Japanese. Published in numerous financial magazines, interviewed extensively on television and radio. Editor, ***J.L. Shaefer's Investor's Edge*** ®

Present ***Certain Wealth in Uncertain Times*** ® seminars.

Professor of Global and Security Studies at American Military University and American Public University.

Feb 79 - Oct 90: Senior Vice President, Charles Schwab & Co., Inc., San Francisco, CA  
All aspects of brokerage operations and management, including Service & Business Development, Fixed Income, Equity Securities, Financial and Institutional Brokerage. Responsible for Schwab's largest branch, then largest region, with over \$10 billion of client assets.

May 78 - Feb 79: Principal, Investment Management Associates, Ft. Lauderdale, FL.  
One of the first discount brokerage firms, sold to Charles Schwab & Co.

Mar 72 - Apr 78: Stockbroker, retail and institutional, Kidder Peabody & Co., Ft. Lauderdale, FL

(Feb 72 - May 2005: US Army - Florida National Guard and US Air Force Reserve - Numerous assignments both US and deployed...)

Mar 69 - Jan 72 : US Army, 4th PSYOP and 5th Special Forces. Various locations.

Professional Examinations & Registrations:

NYSE: Officer/Registered Options Principal - 3/20/81; Branch Manager - 4/27/85

AMEX: Branch Manager, Options Principal - 4/3/88

CBOE: Registered Options Principal - 9/7/88

NASD: Securities Principal - 2/1/79; Financial & Operations Principal - 9/7/88;

Municipal Securities Principal - 11/1/88

STATES: All 50 states & Puerto Rico. Exams taken: 12/4/80 - 10/17/86

## **Heather M. Williams**

Year of Birth: 1955

Formal Education: 16 years

Bachelor of Science, 1983, University of California at Davis

Further Study:

Certificate in Training & Development, University of California at Berkeley

Business background:

October 1992 - Present:

Chief Operations Officer and Chief Compliance Officer - Stanford Advisory.  
Responsible for training, brokerage operations, regulatory compliance, and broker relations.

March 1990 to October 1992:

Branch Manager - Honolulu, Charles Schwab & Co., Inc.

Managed \$500 million in customer assets and a staff of 17. Responsible for designing and implementing business plans, sales objectives, increasing revenues and controlling all risks and costs.

October, 1979 - March, 1990: Charles Schwab & Co., Inc.. Director.

All aspects of brokerage operations, training and management, including Fixed Income, Service & Business Development, Branch operations, Executive Stock Options, Training & Development

Professional Examinations & Registrations:

NYSE: Officer/Registered Options Principal - 1986; Branch Manager - 1985

AMEX: Branch Manager, Options Principal - 1985

CBOE: Options Principal - 1985

NASD: Securities Principal - 1986; Financial & Operations Principal - 1988; Foreign Currency Options - 1984

STATES: All 50 states & Puerto Rico. Exams taken: 1976

### **What other business activities do our principals engage in?**

Joseph L. Shaefer:

Writes for publication in various journals, magazines, and newsletters

Editor, *Investor's Edge* ®

Public Speaking

Consultant to CIA and DOD

Professor of Global and Security Studies at American Military University and American Public University