

MDS INVESTMENTS, INC.  
(DBA PONDEROSA WEALTH MANAGEMENT)

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April 23, 2012

This Brochure provides information about the qualifications and business practices of MDS Investments, Inc. If you have any questions about the contents of this Brochure, you may contact us at (928) 777-2380, or email [mds@michaeldstrasser.com](mailto:mds@michaeldstrasser.com) to obtain answers and additional information. MDS Investments, Inc. is an investment advisor currently registered with the State of Arizona and seeking registration in the State of California. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any State securities authority.

Additional information about MDS Investments, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for MDS Investments, Inc. is 113792.

## Item 2 – Material Changes

The date of our previous annual update was February 23, 2012. In the future, this Item will discuss only specific material changes that are made to the Brochure.

When required, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michael Strasser at (928) 777-2381, or by email to [mds@michaeldstrasser.com](mailto:mds@michaeldstrasser.com).

### Item 3 – Table of Contents

	<u>Page</u>
Item 1 Cover Page .....	i
Item 2 Material Changes .....	ii
Item 3 Table of Contents.....	iii
Item 4 Advisory Business .....	1
Item 5 Fees and Compensation .....	2
Item 6 Performance-based Fees and Side-by-Side Management.....	4
Item 7 Types of Clients.....	4
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9 Disciplinary Information.....	7
Item 10 Other Financial Industry Activities and Affiliations .....	7
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
Item 12 Brokerage Practices .....	9
Item 13 Review of Accounts .....	10
Item 14 Client Referrals and Other Compensation .....	11
Item 15 Custody .....	11
Item 16 Investment Discretion.....	11
Item 17 Voting Client Securities .....	12
Item 18 Financial Information.....	12
Item 19 Requirements for State Registered Advisers .....	12
Part 2B Brochure Supplements .....	2B-1

#### Item 4 – Advisory Business

**A** MDS Investments, Inc. dba Ponderosa Wealth Management (“PWM” “we” and “us”) is an Arizona corporation registered as an investment adviser in the State of Arizona and currently seeking registration in the State of California. Our principal place of business is located in Prescott, Arizona. Michael D. Strasser and Janie C. Strasser are Principals of PWM, which was incorporated in 1997 and previously registered with the Securities and Exchange Commission from 2006-2012.

**B, C** We offer a wide range of investment advisory services to our Clients. Advice and services are tailored to the stated objectives of each Client. Generally, we have the authority to determine, without obtaining specific Client consent, the securities bought or sold and the amount of securities bought or sold. The only restrictions on the above discretionary authority are those set by the Client on a case-by-case basis. We make it a practice to question Clients to determine if there are any limitations to our discretionary authority on the above matters.

##### INVESTMENT SUPERVISORY SERVICES

We provide Investment Supervisory Services, defined as giving continuous advice to a Client or making investments for a Client based on the individual needs of the Client. Through personal discussions in which goals and objectives based on a Client’s particular circumstances are established, we develop a Client’s personal investment policy and create and manage a portfolio based on that policy.

##### COMPREHENSIVE WEALTH MANAGEMENT

We may also provide Clients with advanced wealth planning services on an ongoing basis. These services include evaluating tax saving strategies, wealth transfer strategies and wealth protection and charitable gifting strategies. Clients’ financial objectives will be met by assembling and managing a network of financial experts to develop customized strategies. We may also work with Clients’ other professional advisors, such as attorneys and accountants.

##### ASSET ALLOCATION

We also manage investment advisory accounts not involving Investment Supervisory Services. Each portfolio is designed to meet a particular investment goal which we have determined is suitable to the Client’s circumstances. Once the appropriate portfolio has been determined, the portfolio will be continuously managed based on the portfolio’s goal, rather than on Clients’ individual needs. However, each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

**D** We do not participate in wrap fee programs.

**E** PWM manages approximately \$35,200,000 of Client assets on a discretionary basis. These amounts were calculated as of December 31, 2011.

## Item 5 – Fees and Compensation

- A** In consideration for our services, we are paid in accordance with a written fee schedule contained in an Investment Management Agreement or an Investment & Wealth Management Agreement which is entered into with each Client when we begin our professional relationship.

Our annual fee for Investment Management is calculated by taking the total amount of Assets Under Management multiplied by the corresponding Annual Fee percentage:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
0 to \$50,000	2.50%
\$50,001 to \$250,000	1.50%
\$250,001 to \$1,000,000	1.00%
\$1,000,001 to \$2,000,000	0.75%
\$2,000,001 to \$3,000,000	0.50%
\$3,000,001 to \$4,000,000	0.40%
\$4,000,001 to \$5,000,000	0.30%
\$5,000,001 to \$7,000,000	0.25%
\$7,000,001 to \$10,000,000	0.20%
\$10,000,001 and above	0.15%

Our annual fees for Comprehensive Wealth Management services is calculated using a blended percentage rate which is based upon the applicable percentage fee for the amount of assets in each of the breakpoints listed below:

<u>Assets Managed</u>	<u>Annual Fee (%)</u>
First \$1,000,000	1.00%
\$1,000,001 to \$3,000,000	0.75%
\$3,000,001 to \$5,000,000	0.30%
\$5,000,001 and above	0.20%

We strongly recommend but do not require a minimum account size of \$250,000 for either service. Lower fees for comparable services may be available from other sources.

- B** The advisory fee is payable quarterly in arrears. Clients authorize the custodian to deduct the advisory fee from Client's account. Fees are based as a percentage of the average daily balance of the portfolio for the previous calendar quarter.

The custodian will send Client a quarterly statement showing all amounts paid from the account, including all management fees paid by custodian to us. The Client is responsible

for verifying fee computations since custodians are not typically asked to perform this task. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account.

- C** All fees paid to PWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Client understands that account assets invested in shares of mutual funds or other investment companies (funds) will be included in calculating the value of the account for purposes of computing our fees. These fees are paid out of the assets in a Client's account and are in addition to the investment management fees paid to us.
- D** Clients pay fees in arrears. As such there are generally never any prepaid fees that are required to be refunded. A Client agreement may be canceled at any time, by either party, for any reason upon receipt of 30-days written notice. In any partial calendar quarter, the advisory fee will be pro rated based on the number of days that the account was open during the quarter.
- E** An affiliated company, Ponderosa Capital, LLC, is the general manager of the following limited liability companies which are set up to invest in the stock of private companies or real estate.:
- Sasquatch Investments, LLC
  - Yeti Capital, LLC
  - Yeti Capital II, LLC; and
  - Yeti Capital III, LLC.

Ponderosa Capital, LLC, together with Elizabeth Bruns, also acts as the general manager of for Majestyk Capital II, LLC. Michael D. Strasser is the single member of Ponderosa Capital, LLC.

These LLCs are currently closed to new investors and Clients are no longer solicited to invest. As such, there are no conflicts of interest with any Clients who are not already invested. As to our Clients who are also invested in these LLCs, all were Accredited Investors (as defined by the SEC). Further, any assets invested are not included in PWM's calculation of its investment advisory fees. PWM does not provide investment advisory services nor does it receive any fees for providing investment advisory services to any of the aforementioned LLCs. Because these pooled investments involved certain additional degrees of risk, they were only recommended when suitable, appropriate, and consistent with the Client's stated tolerance for risk.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge any performance-based fees for our services. Accordingly, this Item is not applicable to our firm.

## **Item 7 – Types of Clients**

We provide investment advice to the following types of Clients:

- Individuals, including high-net worth individuals
- Pension and profit sharing plans
- Trusts, estates and charitable organizations

Because each Client is unique, we encourage involvement in the planning and processes involved in the management of their accounts. Such involvement does not have to be time consuming, however we want our Clients to remain informed and have a sense of security about their investments.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Our investment strategies and advice may vary depending upon each Client's specific financial situation. As such, we determine investments and allocations based upon predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Client restrictions and guidelines may affect the composition of the portfolio.

### **Methods of Analysis**

We may use one or more of the following methods of analysis when formulating investment advice:

- Top-Down Global Macro-Economic Analysis – a big-picture analysis of the prevailing economic, demographic and social trends followed by a more focused analysis at the country level, then the industry level and ultimately the specific security level
- Mutual Fund/Exchange Traded Fund Analysis - qualitative analysis looks at factors such as the background and experience of the fund manager and/or the fund company; quantitative analysis looks at factors such as manager/fund performance, style, consistency, risk-adjusted performance, management expenses, average daily trading volume, etc.
- Fundamental Analysis – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry; the resulting data is used to measure the true value of the company's stock compared to the current market value
- Technical Analysis – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks

### **Associated Risks**

- Fundamental Analysis - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

### **Investment Strategy**

We take a common sense approach to investment management – globally diversified asset classes combined with tactical allocations derived from macro-economic data and market analysis. We believe that increasing and/or decreasing allocations to specific investments at optimal times to realize gains and/or avoid losses is crucial to overall investment performance. All investments under our management are continually monitored to maximize short and long-term opportunities. Portfolios are constructed based upon individual risk, return, income and liquidity requirements. We primarily use mutual funds and exchange traded funds to maximize diversification and minimize risk but will use individual securities and other investment vehicles when appropriate.

In addition, we may use one or more of the following general strategies when managing your accounts:

- Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year
- Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional. As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in Client accounts on or after January 1, 2011. Our firm instructs the custodian to use the first-in, first-out (FIFO) accounting method for calculating and reporting the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.



### **Risk of Loss and Types of Securities**

**Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.**

Except as may otherwise be provided by law, we are not liable to Clients for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a Client's instructions, or the disregard of our recommendations to a Client; or
- Any act or failure to act by a custodian of a Client's account.

It is the responsibility of each Client to give us complete information and to notify us of any changes in financial circumstances or goals.

Our recommendations may differ from Client to Client since each Client has different needs and different tolerance for risk. We often recommend mutual funds, exchange traded funds (ETF), individual equity and debt securities; however, we may recommend any suitable security based on your needs and objectives. Each type of security has its own unique set of risks associated with it, and it would not be possible to disclose all of the specific risks of every type of investment in this brochure. We strive to keep Clients educated and informed of material risks associated with particular investments. Further, if Clients have any questions regarding the risks associated with a particular investment, they are encouraged to contact us.

Mutual funds are professionally managed collective investment companies that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual or exchange traded funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Other fund risks include foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, and turnover risk that can increase fund expenses and may decrease fund performance. Brokerage and transactions costs incurred by the fund will reduce returns.

An ETF is an investment fund traded on stock exchanges, much like stocks or equities. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500. However, some ETFs are fully transparent actively managed funds. Market risk is, perhaps, the most significant risk associated with ETFs. This risk is defined by the day to day fluctuations associated with any exchange traded security, where fluctuations occur in part based on the perception of investors.

Individual equity securities (also known simply as “equities” or “stock”) are assessed for risk in numerous ways. Price fluctuations and market risk are the most significant risk concerns. As such, the value of your investment can increase or decrease over time. Furthermore, you should understand that stock prices can be affected by many factors including, but not limited to, the overall health of the economy, the health of the market sector or industry of the issuing company, and national and political events. When investing in stock, it is important to focus on the average returns achieved over a given period of time, across a well-diversified portfolio.

Individual debt securities (or “bonds”) are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be “called” prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

## **Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **OUTSIDE BUSINESS ACTIVITIES**

Michael Strasser, in addition to his investment advisor representative duties, may also engage in certain specialized business consulting activities. This scenario creates a conflict of interest because we have an incentive to recommend Michael Strasser for certain specialized business consulting services. In order to mitigate this conflict, Clients are advised that they are free to seek similar services from any consulting firm they wish

### **INVESTMENT PARTNERSHIPS**

See Item 5E, above. PWM has in the past recommended advisory Clients invest in limited liability companies (LLCs) such as Majestyk Capital II, LLC, Sasquatch Investments, LLC, Yeti Capital, LLC, Yeti Capital II, LLC and Yeti Capital III, LLC. The terms of the LLCs required minimum capital contributions and restricted participation to “Accredited Investors,” as defined by the SEC.

The LLCs terms also defined the investment goals of the company. Any Clients to which the LLCs were recommended were provided a prospectus with further details.

These LLCs are currently closed to new investors and Clients are no longer solicited to invest. As such, there are no conflicts of interest with any Clients who are not already invested. As to our Clients who are already invested in these LLCs, any assets invested are not included in PWM's calculation of its investment advisory fees. Because investments in these pooled investments involved certain additional degrees of risk, they were only recommended when suitable, appropriate, and consistent with the Client's stated tolerance for risk.

Aside from the above mentioned activities, we have no other business arrangements where we receive compensation, directly or indirectly, from third parties (including other investment advisers) that would create a material conflict of interest with our clients.

#### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**A** PWM has adopted a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to Clients. Prompt reporting of internal violations is mandatory. Our Chief Compliance Officer periodically evaluates employee performance to ensure compliance with the Code of Ethics. A copy of the Code of Ethics is available to any Client upon request.

**B-D** PWM or individuals associated with PWM may buy or sell securities identical to those recommended to customers for their personal accounts. Additionally, any related person(s) may have an interest or position in a certain security or securities which may also be recommended to a Client. However, it is the expressed policy of PWM that no person employed by PWM may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents employees from benefiting from transactions placed on behalf of advisory accounts.

When PWM is newly engaged by a Client for whom it expects to recommend securities in which PWM or one of our principals holds a position, we will notify the Client of our policies in respect to officers trading for their own account. We will also disclose to Clients material conflicts which could reasonably be expected to impair the rendering of unbiased and objective advice.

As any advisory situation could present a conflict of interest, we have established the following restrictions to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of PWM shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also

available to the investing public on reasonable inquiry. No person of PWM shall prefer his or her own interest to that of the advisory Client.

2. PWM maintains a list of all securities holdings for itself and for anyone associated with its advisory practice who has access to advisory recommendations. An appropriate officer of PWM reviews these holdings on a regular basis.
3. Any individual not in observance of the above may be subject to termination.

### Item 12 – Brokerage Practices

- A** Except to the extent that the Client directs otherwise, we may use our discretion in recommending a broker-dealer. However, Clients are not obligated to effect transactions through the broker-dealer recommended by us.

In recommending broker-dealers, we will comply with its fiduciary duty to seek “best execution.” Additionally, in recommending a broker-dealer, we will comply with the Securities Exchange Act of 1934 taking into account relevant factors such as:

- Price;
- The broker-dealer’s facilities, reliability and financial responsibility;
- The ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
- The research and related brokerage services provided by such broker or dealer to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
- Any other factors we consider to be relevant.

PWM participates in Trust Co. of America’s Institutional services program. While there is no direct linkage between the investment advice given and participation in this program, economic benefits are received by us which would not be received if we did not give investment advice to Clients. These benefits may include any or all of the following: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk serving program participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; ability to have investment advisory fees deducted directly from Client accounts; access, for a fee, to an electronic communication network for Client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. PWM also provides its Clients access to certain private equity deals where it is appropriate for their tolerance for risk.

Subject to Section 28(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), we may recommend broker-dealers who charge transaction fees that are in excess of the amount of transaction fees charged by other broker-dealers in recognition of their research, seminar and execution services. These benefits are generally considered to be "soft dollar" arrangements. But for soft dollar arrangements, we would have to obtain these types of services and products for cash. As a result of receiving such products and services for no cost, we have an incentive to recommend broker-dealers to Clients that offer soft dollar arrangements.

Because the above interests are in conflict with the Clients' interest of obtaining the lowest commission rate available, we are required to periodically evaluate, and determined in good faith, based on the "best execution" policy stated above that transaction fees are reasonable in relation to the value of the services provided.

- B** We are authorized in our discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for other Clients of ours. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. We will direct that confirmations of any transactions effected for the account will be sent, in conformity with applicable law, to the Client.

### **Item 13 – Review of Accounts**

- A** Comprehensive Wealth Management Clients have an in-depth review of their personal financial situation and continual monitoring to assess opportunities. These Clients are typically served by a team of advisors including PWM Principal, Janie C. Strasser. The accounts of both Comprehensive Wealth Management Clients and Investment Advisory Clients will be reviewed by Michael D. Strasser, Principal at least quarterly.
- B** More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, market, political or economic factors.
- C** PWM provides quarterly performance reports that breakdown positions, return, net worth and give a market update. Comprehensive Wealth Management and Investment Advisory Clients also receive quarterly statements and transaction confirmations from our broker dealer.

Investment advisory Clients receive standard account statements from the custodian of their accounts on a monthly or quarterly basis. PWM may also provide Clients with periodic written reports summarizing the account activity and performance.

### **Item 14 – Client Referrals and Other Compensation**

As disclosed under Item 12, above, PWM may receive “soft dollars” from an unrelated third party custodian or broker-dealer. The conflicts of interest this type of arrangement presents and how we deal with these conflicts are described in detail under Section 12, above.

### **Item 15 – Custody**

Generally speaking, with the exception of our ability to debit fees, we do not otherwise have custody of securities or assets in Client accounts.

We shall have no liability to the Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The Client understands that SIPC provides only limited protection for the loss of property held by a custodian.

Clients receive standard account statements from the Qualified Custodian of their accounts on a monthly or quarterly basis. We also may provide Clients with written reports summarizing account activity and performance. We urge all Clients to carefully review statements from the custodian and compare these to reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Michael Strasser, indirectly through his ownership in Ponderosa Capital, LLC (“Ponderosa Capital”), does have custody of Clients’ funds or securities due to his affiliation with the following pooled investments: Majestyk Capital II, LLC, Sasquatch Investments, LLC, Yeti Capital, LLC, Yeti Capital II, LLC and Yeti Capital III, LLC. Because he is deemed to have custody due to his affiliation with Ponderosa Capital, PWM is subject to certain surprise examination requirements relating to these LLCs. An independent public accountant conducts the surprise examination and creates a report. The accountant must file a Form ADV-E along with a copy of the surprise examination report within 120 days of the surprise examination. Once filed, the Form ADV-E and the report are available to the public on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 16 – Investment Discretion**

Generally, Clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with a Statement of Investment Policy (or similar document used to establish each Client’s objectives and suitability), without the Client’s prior approval of each specific transaction. Under this discretionary authority, Client allows us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on their behalf in matters necessary or

incidental to the handling of the account, including monitoring certain assets. We make it a practice to question Clients to determine if there are any limitations to this authority.

#### **Item 17 – Voting Client Securities**

- A** We do not vote proxies on behalf of Clients. Additionally, we do not provide advice to Clients on how the Client should vote.
- B** Clients will receive proxies and other solicitations directly from their custodian or transfer agent. If any proxy materials are received on behalf of a Client, they will be sent directly to the Client or a designated representative of the Client, who is responsible to vote the proxy.

#### **Item 18 – Financial Information**

- A** We do not require advisory fees to be paid in advance. Under no circumstances would we solicit or require the prepayment of fees in an amount more than \$500, more than six months in advance from any Client.
- B** We do have discretionary authority over Client funds or securities, but we have no financial commitments that impair our ability to meet contractual and fiduciary commitments to Clients.
- C** Neither PWM, nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.

#### **Item 19 – Requirements for State-Registered Advisers**

- A** The owners and executive officers of Ponderosa Wealth Management are: Michael D. Strasser and Janie C. Strasser. Both Michael and Janie Strasser perform investment advisory services on behalf of Ponderosa for Clients and are responsible for the day to day management and operations of the firm. The education and background for Michael and Janie Strasser are separately detailed in Form ADV Part 2B, Item 2 (below).
- B** See Item 10 (above) for information regarding our other business activities. Further, pursuant to California requirements, the Firm represents that all material conflicts of interest which could be reasonably expected to impair the rendering of unbiased and objective advice are disclosed to our clients relating to Ponderosa Wealth Management, its representatives and/or employees.
- C** We do not receive performance-based fees.

PONDEROSA WEALTH MANAGEMENT  
FORM ADV PART 2A – FIRM BROCHURE

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- D** We have not been subject to any arbitration claims or any other proceedings (civil, self-regulatory organization or administrative).
- E** We have no relationships or arrangements with any securities issuers or other financial industry affiliations, apart from the relationships listed in Item 10 (above).



## MICHAEL D. STRASSER

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April 16, 2012

This Brochure Supplement provides information about Michael Strasser that supplements the Ponderosa Wealth Management's Firm Brochure (Form ADV Part 2A). You should have received a copy of that Brochure. Please contact Michael Strasser at (928) 777-2380 or [mds@michaelstrasser.com](mailto:mds@michaelstrasser.com) if you did not receive copy of Ponderosa Wealth Management's Form ADV Part 2A or if you have any questions about the contents of this Brochure Supplement.

Additional information about Michael Strasser is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Michael Strasser is 2004820.

## **Item 2 – Educational Background and Business Experience**

### **Michael D. Strasser**

Year of Birth: 1966

President, Ponderosa Wealth Management

#### Education:

The University of Chicago (1992-1994), MBA 1994

Arizona State University (1985-1989), BS Finance 1989

#### Employment:

10/1997 – Present: President, MDS Investments, Inc.

08/1997 – 02/1998: Registered Representative, Intersecurities, Inc.

07/1994 – 01/1997: Vice President of Economic Research, Laffer, Canto and Associates

#### Examinations/Designations:

Michael Strasser has passed the following Financial Industry Regulatory Authority (FINRA) examinations: Series 3, Series 7, Series 63, and Series 65.

## **Item 3 – Disciplinary Information**

Michael Strasser has not been subject to any legal or disciplinary proceedings which would be considered material (or otherwise) to a Client's evaluation of his or any of the services Ponderosa Wealth Management provides.

## **Item 4 – Other Business Activities**

See Item 10 in Form ADV Part 2A.

## **Item 5 – Additional Compensation**

See Items 5E and 10 in the Form ADV Part 2A.

## **Item 6 – Supervision**

Michael and Janie Strasser together are responsible for all services and advice provided to Clients of Ponderosa. Together, these two principals prepare investment policies, forms and procedures for working with Clients and for managing the firm.

## **Item 7 – Requirements for State-Registered Advisers**

Michael Strasser has not been subject to any arbitration claim or any other proceedings (civil, self-regulatory organization or administrative) related to investments, fraud, theft, bribery or dishonest, unfair or unethical practices. He has never been the subject of any bankruptcy petition.

## JANIE C. STRASSER

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April 16, 2012

This Brochure Supplement provides information about Janie Strasser that supplements the Ponderosa Wealth Management's Firm Brochure (Form ADV Part 2A). You should have received a copy of that Brochure. Please contact Michael Strasser at (928) 777-2380 or [mds@michaelstrasser.com](mailto:mds@michaelstrasser.com) if you did not receive copy of Ponderosa Wealth Management's Form ADV Part 2A or if you have any questions about the contents of this Brochure Supplement.

Additionally, Janie Strasser is a Certified Public Accountant (CPA) and Certified Financial Planner (CFP®). These designations are explained more fully below.

Additional information about Janie Strasser is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Janie Strasser is 4451218.

**Janie C. Strasser, CPA, CFP®**

Year of Birth: 1964

Vice President, Ponderosa Wealth Management

Education:

Arizona State University (1987-1989), MBA 1989

Arizona State University (1983-1987), BS Liberal Arts 1987

Employment:

10/1997 – Present: Vice President, Corporate Secretary, and Chief Compliance Officer  
MDS Investments, Inc.

07/2009 – 07/2011: CPA, Schoedel & Schoedel CPAs PLLC

06/2000 – 01/2007: President, Strasser & Strasser Financial Counsel

04/1997 – 06/2000: CPA, Scott K. Helfinstine CPA

01/1994 – 04/1997: CPA, Arthur Andersen

Examinations/Designations:

Janie Strasser is also licensed as a Certified Public Accountant (1994), and Certified Financial Planner (2001).

**Certified Public Accountant (CPA):** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (at least a baccalaureate degree and a concentration in accounting), minimum experience levels (Arizona generally requires at least fifteen hundred hours (over the course of at least 12 months) employment experience providing accounting services including: recording and summarizing financial transactions, analyzing and verifying financial information, examining, reviewing and reporting on financial statements, reporting financial results to an employer, clients or other parties and rendering attestation, tax and management advisory services to an employer, clients or other parties. CPAs must also successfully pass the Uniform CPA Examination.

To maintain a CPA license, Arizona requires the completion of 80 hours of continuing professional education (CPE) over a two-year period. Additional, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain Client consent if a conflict exists), maintain Client confidentiality, disclose to the Client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

Ponderosa Wealth Management is not registered as a public accounting firm and does not provide public accounting services.

**CERTIFIED FINANCIAL PLANNER™, CFP®** and federally registered CFP (with a flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (CFP Board).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with Clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined are necessary for the competent and professional delivery of financial planning services, and attain a bachelor’s degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and Client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by the CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their Clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to the CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### Item 3 – Disciplinary Information

Janie Strasser has not been subject to any legal or disciplinary proceedings which would be considered material (or otherwise) to a Client's evaluation of her or any of the services Ponderosa Wealth Management provides.

**Item 4 – Other Business Activities**

Janie Strasser is not involved in any other business activity or occupation other than through Ponderosa Wealth Management.

**Item 5 – Additional Compensation**

See Items 5E and 10 in the Form ADV Part 2A.

**Item 6 – Supervision**

Michael and Janie Strasser together are responsible for all services and advice provided to Clients of Ponderosa. Together, these two principals prepare investment policies, forms and procedures for working with Clients and for managing the firm.

**Item 7 – Requirements for State-Registered Advisers**

Janie Strasser has not been subject to any arbitration claim or any other proceedings (civil, self-regulatory organization or administrative) related to investments, fraud, theft, bribery or dishonest, unfair or unethical practices. She has never been the subject of any bankruptcy petition.