

10 WARNING SIGNS OF DIMINISHED CAPACITY

A report by the Securities and Exchange Commission's Office of Compliance Inspections and Examinations, North American Securities Administrators Associations and Financial Industry Regulatory Authority outlined practices used by financial service firms for interacting with older investors.

The report lists "signs," or "red flags," identified by firms that may indicate an investor could have diminished capacity or a reduced ability to make decisions regarding their finances. These signs include, but are not limited to, a client who:

1. Appears unable to process simple concepts
2. Appears to have memory loss
3. Appears unable to recognize or appreciate the consequence of decisions
4. Makes decisions that are inconsistent with his/her current long-term goals and/or commitments
5. Demonstrates erratic behavior
6. Refuses to follow appropriate investment advice. This may be particularly concerning when the advice is consistent with previously stated investment objectives.
7. Appears to be concerned or confused about missing funds in his/her account, where reviews indicate there were no unauthorized money movements or no money movements at all
8. Is not aware of, or does not understand, recently completed financial transactions
9. Appears to be disoriented with surroundings or social setting
10. Appears uncharacteristically unkempt or forgetful

If you are seeing these signs in one of your clients, please refer to the BFWM Policies and Procedures Manual – Diminished Capacity & Elder Abuse Policy for further guidance. You can also contact the BFWM CCO directly.