

# Mild Cognitive Impairment (MCI) & Senior Victims of Investment Scams



*Presented by*

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## **DISCLAIMER**

**OFI does NOT offer medical advice.**

**Please consult with your physician on any perceived changes in cognition.**



## Vulnerability to Investment Fraud

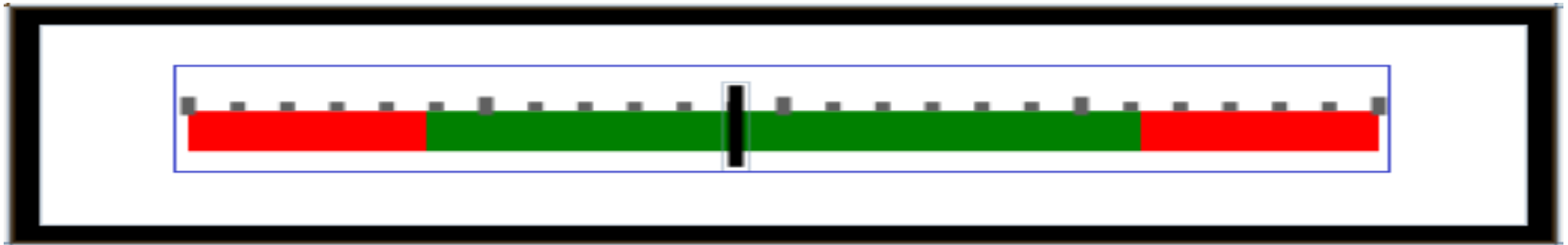
- **Excessive fees (“churning”)**
- **UNsuitable investments**
- **Investment fraud scams**

Changes in memory, but is **NOT** dementia

Normal Age-related  
Forgetfulness

**Mild Cognitive Impairment  
(MCI)**

Dementia



Made **4** times more mistakes in financial decisions

Only **15%** of people with MCI progress to Alzheimers

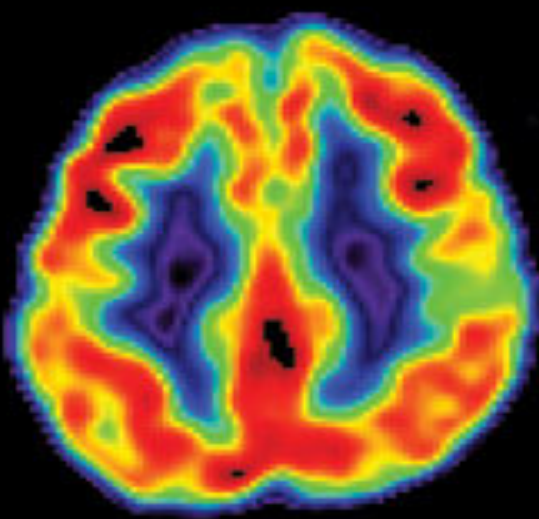
## **Diminished Capacity in Money Matters\***

\*Dr. Daniel Marson, Director of the University of ALA-Birmingham's Alzheimer's Disease Center,  
Speaker at *2015 NASAA Investor Education Conference*

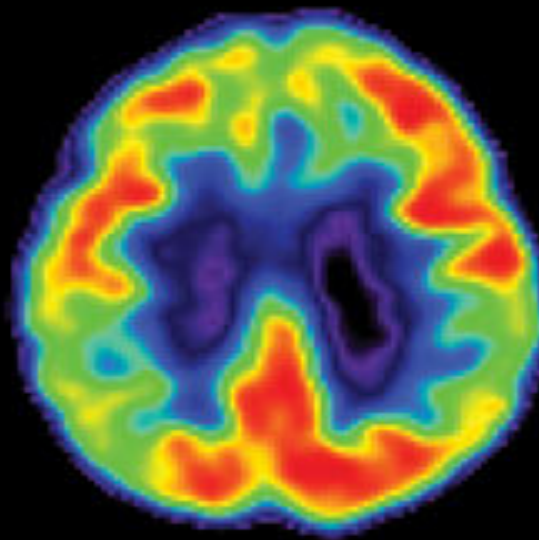


- **Memory lapses**  
Forgets to pay bills; pays more than once
- **Disorganized**  
Problems keeping track of finances or bills
- **Math mistakes**  
Math & counting errors in everyday life; problems balancing checkbook
- **Confusion**  
Difficulty understanding basic financial terms
- **Impaired judgment**  
New interest in *Get-Rich-Quick* schemes

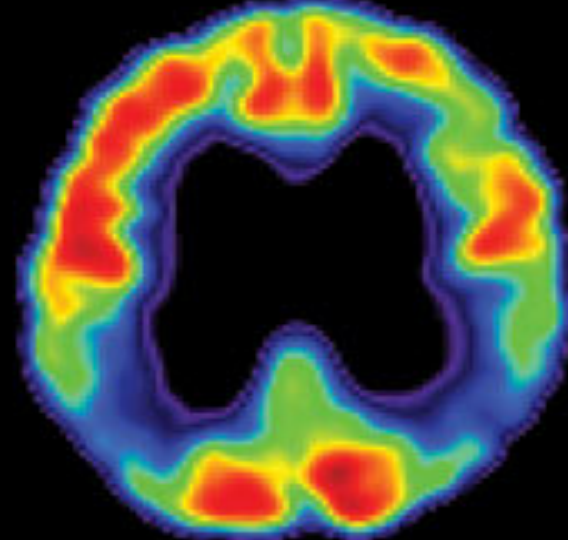
# \*Elder Financial Fraud: A National Epidemic



**Normal**



**Mild cognitive  
impairment**



**Alzheimer's  
disease**

## Functions Kept

- ✓ General cognitive functions
- ✓ Vocabulary
- ✓ General knowledge
- ✓ ADLs (bathing, eating, cooking)

**NOT dementia**



## Impairment, *NOT* Dementia

- More forgetful than normal for their age, but **NO** dementia-related symptoms, such as:
  - **Disorientation** (confused about time, place, simple concepts)
  - **Confusion about routine activities**
- Takes more **time**, and more **mistakes** made
  - Paying bills
  - Shopping
  - Meal preparation
  - Multi-tasking

# Why older investors are more gullible



**Changes in aging brains  
reduce perception of visual cues related to “trust”**

**2012 UCLA brain study**

[\(Neural and behavioral bases of age differences in perceptions of trust \*PNAS\* 2012 109 \(51\) 20848-20852\)](#)



# Top 2 Sources of Investment Fraud

90%

**Unregistered**

**Felony**



Security



**Note: Exemptions to Registration are available  
Verify them with OFI!**



## FREE Background Checks from OFI

**C**an't  
**R**emember  
**D**etails

**On Handout**

- Securities qualifications
- Certifications **C.H.S.G.**
- Pending arbitration
- Criminal history
- Bankruptcies
- Employment History, including:
  - ❖ Terminations- Reasons
  - ❖ Disciplinary Actions
  - ❖ Customer Complaints

Escape the Telephone Sales Pitch  
with the  
“Broken Record” Technique



1. “Are you AND the security registered with the state?”
2. Ask for the person’s **C R D** number
3. Say you will call them back & verify with OFI *first*

“I’m sorry, but I don’t make investment decisions  
without talking to my \_\_\_\_\_.”  
*Repeat!*