COTE FINANCIAL MANAGEMENT

Cote Financial Management, LLC
Diminished Capacity & Elder Financial Abuse Policy

Diminished Capacity:

The term "diminished financial capacity" defines a decline in a person's ability to manage money and financial assets to serve their own best interests, including the inability to understand the consequences of investment decisions. This cognitive decline may be the result of a serious accident, injury, illness, or disorder (e.g., Dementia, Alzheimer's disease, bipolar disorder), though even mild cognitive impairment is estimated to effect around 16% of adults over the age of 65. Diminished Capacity may manifest as:

- Memory loss
- Difficulty communicating
- Disorientation
- Impaired judgement
- Difficulty performing simple tasks
- Drastic mood swings
- Failure to fulfill financial obligations

As clients reach a certain age, the effects of diminished capacity may begin to impact financial capacity. Financial capacity can be outlined as the ability to independently manage one's financial affairs in a manner consistent with personal self-interest.

Elder Financial Abuse:

Elder financial abuse spans a broad spectrum of conduct including but not limited to: forging signatures; getting an individual to sign over financial ownership of property; taking assets without consent; obtaining a power of attorney (POA) through deception, coercion, or undue influence; using property or possessions without permission; promising various care in exchange for money or property and not following through; perpetrating scams; or engaging in other deceptive acts. While CFM may not be aware of many of these situations at large, supervised persons may suspect such situations when the assets upon which the firm is advising become the targets of these acts. These situations often occur along with the onset of diminished capacity. Signs of elder financial abuse may include:

- Increased reluctance to discuss financial matters
- Drastic shifts in investment style
- Abrupt changes in wills, trusts, POAs, or beneficiaries
- Concern or confusion about missing funds
- Atypical withdrawals, wire transfers or other changes in financial situation
- Appearance of insufficient care despite significant wealth

As a fiduciary to clients, CFM will research the options for reporting these situations to the proper authorities. Most jurisdictions have the option of using a Department of Social Services anonymous “tip line” to report possible elder financial abuse issues.

Firm Policy:

CFM recognizes its responsibility to work with clients and any necessary family, friends, or medical personnel the client has named in order to move forward if the client’s financial capacity has been compromised. To address these circumstances, CFM has adopted the following policies:

- CFM will ascertain whether clients have created a living will (durable power of attorney) directed at the client’s financial interest in the event financial capacity becomes compromised.
- CFM will ask all clients to provide the name and contact information of at least one family member, trusted professional, or non-relative client “ advocate” to contact in the event diminished capacity or elder financial abuse is suspected cause for any irregular activities.
- CFM will request signed permission from client to discuss any suspicious activity in client’s accounts with approved third parties, if diminished capacity or elder financial abuse is suspected.
- If a supervised person suspects a client may be suffering from diminished capacity or elder financial abuse, then the supervised person shall immediately inform the Chief Compliance Officer (CCO) or supervisor. CFM will document any interaction with the client that prompted the suspicion in the client’s file or in a separate file that contains details of all reported suspicions of diminished capacity or elder financial abuse. Until the suspicion is resolved, supervised persons will not meet with the client alone and CFM will continue to thoroughly document all client interactions.
- In the event the financial capacity of the client has deteriorated beyond the point of effective and ethical investment advice and a POA, guardian, or trustee has not been appointed, CFM will terminate the investment advisory relationship and report the circumstances to the designated family member, client advocate, or approved third party or, if none, to the appropriate authority in the applicable jurisdiction (e.g., adult protective services agency).

Staff Training:

On an annual basis, CFM will conduct a training session to ensure that staff members are properly trained and equipped to implement the above policies. New staff members will receive training, led by the Chief Compliance Officer (CCO), within one month of their initial hire date.