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The Vanishing Mind

Money Woes Can Be Early Clue to Alzheimer's

By GINA KOLATA

Renee Packel used to have a typical suburban life. Her husband, Arthur, was a lawyer and also sold [insurance](#). They lived in a town house just outside Philadelphia, and Mrs. Packel took care of their home and family.

One day, it all came crashing down. The homeowners' association called asking for their fees. To Mrs. Packel's surprise, her husband had simply stopped paying them. Then she learned he had stopped writing checks to his creditors, too.

It turned out that Mr. Packel was developing [Alzheimer's disease](#) and had forgotten how to handle money. When she tried to pay their bills, Mrs. Packel, who enlisted the help of a forensic accountant, could not find most of the couple's money.

"It just disappeared," she said.

What happened to the Packels is all too common, Alzheimer's experts say. New research shows that one of the first signs of impending [dementia](#) is an inability to understand money and credit, contracts and agreements.

It is not just families who are affected — [financial advisers](#) and lawyers say they are finding themselves in a bind when their clients' minds seem to be slipping.

The Financial Industry Regulatory Authority, the largest nongovernmental regulator for securities firms doing business in the United States, recently met with individual financial services companies and the [Alzheimer's Association](#) to formulate guidelines on how to deal with clients who have trouble remembering and reasoning, a problem that is not new but is increasing as the population ages.

The issue is far from simple. [Dr. Jason Karlawish](#), an associate professor of medicine and medical ethics at the University of Pennsylvania, says it is generally agreed that decisions by a competent adult should be respected.

But, he said, "What do we mean when we say someone has enough decision-making capacity to be 'competent'? The law, [psychology](#) and finance are all waking up to issue of decision-making capacity."

The issue promises to become even more complicated as researchers and doctors diagnose Alzheimer's earlier and earlier. If new brain scans and other methods show signs that a person is developing dementia,

does that mean the patient should be watched, or that there should be limits on his or her abilities to make financial or legal decisions?

Financial firms are in “a dicey situation” if they have to decide whether a client can make major decisions about finances or future plans, said John M. Gannon, senior vice president for investor education with the financial regulatory agency. “Even doctors can have trouble figuring that out,” he said.

And yet, according to research by [Daniel C. Marson](#), a neuropsychologist at the University of Alabama, Birmingham, confusion over money and finances is perhaps the most important and most predictable early functional change as people descend into dementia.

For lawyers, the main question is at what point a client lacks the capacity to execute a will or other document, and who decides when that point has been reached. And if a lawyer lets a client go ahead, will the document be challenged?

Lawyers have [guidelines](#), published in 2005, that include warning signs of diminished capacity, like [memory loss](#) and problems communicating and doing calculations. The guidelines instruct lawyers to look at the legal requirements for capacity in specific situations, like making a gift. But many questions remain, said Charles P. Sabatino, who leads the [American Bar Association's Commission on Law and Aging](#).

“Courts are always struggling to come up with principles and definitions of capacity,” Mr. Sabatino said. Definitions of capacity vary among the states.

All too often, though, no one protects people who are losing their capacity to execute documents and their judgment about finances. Their stories of decisions gone awry tend to end badly.

Mrs. Packel had to close her husband's business and sell their house to pay lawyers and creditors. Now they live in a one-bedroom apartment in Philadelphia. Mrs. Packel, who is 75, supports herself and her husband by working as a receptionist. He goes to adult day care.

“It's such a complete turnaround,” Mrs. Packel said. “Arthur was a very, very bright man.”

Spotting the Problem

Last year, Fidelity Investments surveyed 350 investment advisers. The advisers were asked if they suspected that any of their clients had Alzheimer's or were developing it, and what they did about it. The advisers also were asked if they had mentioned the problem to their clients.

Most — 84 percent — said they thought they had had clients with Alzheimer's or symptoms indicating that they were developing it. And 96 percent said they did not feel prepared to deal with those clients. Half said they were not comfortable even raising the subject of dementia. They worried that they might be wrong about a client's mental capacity, and even if they were right, they did not know what they were supposed to do about it or where to refer the client for assessment and help.

The survey was an impetus for this year's meeting involving investment advisers, the Alzheimer's Association and the financial regulatory agency, said David Canter, an executive vice president at Fidelity.

'Protect Your Client'

Lawyers see another side of the dementia problem. They too can end up in situations with no clear resolutions.

Robert Grant, a lawyer in Palo Alto, Calif., explained what happens in California.

“Your first duty is to your client,” Mr. Grant said. “You have a duty to protect your client. Often there will be discussions with the family about whether your client is capable of handling things. But you are prohibited from disclosing information about your client without the client’s permission.”

And clients — suspicious, forgetful, disturbed by or denying their impending dementia — may not want their lawyer to discuss their behavior with their families.

“In one sense it is straightforward,” Mr. Grant said. “You have a bunch of rules out there.”

For example, a lawyer has to make an independent determination that the client is competent. If the lawyer determines the client is incompetent but the client insists on executing a document, the rules say the lawyer should withdraw representation. However, Mr. Grant said, “one can question whether withdrawal from representation of an incompetent client is actually in the client’s best interest.”

Bruce Wampler of Glenwood Springs, Colo., said the law was of limited help in dealing with his father, who lived alone in Casper, Wyo., and, in his dementia, had forbidden his son to visit him.

Concerned about his father’s capacity to make decisions, Mr. Wampler went to court and won guardianship, angering his father so much that he refused to speak to Mr. Wampler for nearly a year.

Meanwhile, a neighbor who believed that the elderly Mr. Wampler was being ignored by his family found a lawyer who arranged to have the guardianship rescinded. The neighbor also encouraged the father to change his will, leaving much of his money to organizations he had never supported, his son said. At the same time, the elder Mr. Wampler was sending substantial amounts to lottery schemes.

The bar association’s handbook for lawyers, written with the American Psychological Association, tries to provide some guidance. But the handbook acknowledges that it may not be easy to determine a client’s capacity to sign a will, execute a contract or transfer property.

“The law wants a yes-or-no answer,” Mr. Sabatino said.

But medical evaluations come in shades of gray, discussing strengths and weakness in reasoning and mental abilities. The assessments place patients on a continuum. “They don’t like to give a yes-or-no answer,” Mr. Sabatino said.

And persuading clients to have medical evaluations can be difficult, as the law association’s handbook acknowledges.

“A referral to a clinician requires client consent, and can be quite traumatic for the client, as well as unsettling for the lawyer-client relationship,” the handbook states, adding, “Also, it is expensive.”

Losing Everything

Dr. Max Gomez had problems with both finances and legal documents. And by the time his son found out, Dr. Gomez had lost everything.

Dr. Gomez, an obstetrician-gynecologist, lived alone in Miami and worked at a nearby general medical clinic where he was the director. His son, who is [also named Max](#), is the medical correspondent for CBS News and lives in New York.

Dr. Gomez was no longer seeing patients, his son said. The clinic, he explained, “was basically a place that gave him somewhere to go and something to do.” It operated under Dr. Gomez’s license.

It turned out that Dr. Gomez actually was the medical director for as many as five or six clinics, his son said, adding, “Whether he realized that and signed on or whether someone put papers in front of him and said, ‘Here, sign this and you’ll be medical director’ is not really clear.”

At least one of the clinics also appropriated Dr. Gomez’s identification number for Medicare and Medicaid, using it to fraudulently bill for several million dollars worth of goods and services, as Dr. Gomez’s son learned from the Federal Bureau of Investigation.

Then Dr. Gomez’s son got a call from his father’s condominium association. His fees were not being paid. The clinic was supposed to have been paying but had stopped.

The clinic had closed, but Dr. Gomez did not realize that. When he drove there and the doors were locked he would think it was a weekend and drive home, his son said.

The clinic had also stopped paying Dr. Gomez’s [mortgage](#). Dr. Gomez thought the clinic was buying the apartment and allowing him to live there. Instead, it turned out that Dr. Gomez was the owner. His son later learned that, at closing, the clinic also took out a second mortgage on the apartment in Dr. Gomez’s name. He was responsible for both mortgages. The bank foreclosed.

As Dr. Gomez’s son tried untangling the mess, he discovered his father’s bank account had been plundered by a woman who talked him out of his savings. There was check after check written to the woman, signed by Dr. Gomez but made out in someone else’s handwriting.

Only his [Social Security](#) payments were left. They were being deposited in a bank account that Dr. Gomez had forgotten about. The complications mushroomed. Dr. Gomez’s son received a letter from a bank saying his father owed about \$50,000. It turned out that Dr. Gomez was listed as an officer of the clinic and a personal guarantor on a [loan](#). “I talked to attorneys, and they said, ‘That’s crazy, no one signs to be a personal guarantor on a commercial loan,’ ” his son said.

Dr. Gomez’s creditors could not collect, though. His assets were gone.

He now lives in an assisted-living facility in New York and seems content, his son said. He seems to have forgotten most of his experiences in Miami.

But every now and then, Dr. Gomez will be troubled.

“He will see me filling out papers for Medicaid,” his son says. “He says, ‘Medicaid? But I have money.’ ”

“He’s a proud man,” Dr. Gomez’s son said. “He is used to giving orders rather than taking them.

“It’s a sad story. But I’m afraid it’s not an uncommon one.”