

The Pitfalls of Not Reading Your Mail - Transcript

Tom Mullooly: In Episode 134, we're going to talk about the pitfalls of not reading your mail. Stick around.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is Episode Number 134. Thanks for tuning in.

I want to talk today about the pitfalls of not reading your mail. I'm not talking about email, I'm talking about the actual stuff that comes in the mailbox. There's a big push from all companies in all different kinds of businesses to get you to receive your statements electronically. But they don't actually send you the statements electronically. What they want you to do, instead of getting them by email, is they want you to login to the website and then actually download the statements. They want you to just go in and go get it yourself. But how many people actually do that? A lot of people will login. They'll look around, "Hey, the balance is more than it was last month," or, "It's more than I was expected. How many people actually look closely? How many folks'll actually download the statement and save it to a hard drive or to a cloud account somewhere or actually print out the statement, you know, with a printer?

Another reminder on this topic is that you'll typically see small print on the bottom of a bank statement or a brokerage account or a credit card statement that'll say, "Hey, if we don't hear from you within 60 days, we're going to presume that everything is okay, and you accept this as is." You don't have a leg to stand on when you have a problem that you discovered a year later. Too bad. So I'm going to share with you, in a moment, a little horror story.

But first, every now and then, a client'll come into our office, and they'll bring in their bank statements, or statements from another broker. The envelopes are still sealed. What's up with that? Or, they've had an account somewhere, and they've never logged in, they've never downloaded a printed statement. They've never done anything online. And now, you get a year like 2017 where the market starts out very nicely and starts to go up very slowly, very steadily, no problem, we never had a month in 2017 where the market went down, everybody looks at their account every now and then, and says, "Hey, things are okay." So it's just easy to look at the bottom line and presume that everything is just okay. So the horror story.

The other day, we heard about an investment advisor who started billing clients at the beginning of 2017, instead of four times a year, he was now billing them six times a year. He wanted to see how far he could go with this thing. So instead of getting four quarterly statements with a bill on it, he started billing them six times a year. Not a single client, not one out of 304 clients, said a peep. What the heck? How could that be? I guess folks were logging in or getting their statements and seeing the balance going up, they're not even thinking twice to look at the details. One client finally spoke up in the fourth quarter of 2018. Now this is nearly two years have gone by while this little scam is taking place. So the way the story goes, in the SEC complaint, is that the advisor said, "Oh, that was a mistake, and it'll be corrected." Then shortly thereafter, a second client then noticed the same thing, and then the jig was up and he wound up getting arrested.

Look, folks, you've got to read your statements. You got to know what's going on in your accounts, whether it's a brokerage account or a bank statement or a credit card account. You got to ask questions. Asking is the cheapest form of education there is around there. Just ask questions. But get that monthly statement and read it. The best clients we have get the statement, they go through it, they ask us questions. The worst clients we have are the ones who don't do this. "I look at it once in awhile," or, "I'll go online and I'll see the balance is up," or, "That's what I have you guys for." Then they call out of the blue when the market's down and they're flipping out, because they don't understand what's been happening all along.

Folks, my little public service announcement for today, in Episode 134, read your mail. See you next time.