

## PROBLEM SOLVING

**Don't be hoodwinked by what you think you know**

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**SUSAN PINKER**

**Dear Susan,**

I am an accountant who does mostly corporate work but, every year, I also prepare about a dozen tax returns for people I know. One new client who walked in the door this year lives in my neighbourhood and plays on my Old Timers hockey team. I know this guy is driving a Mercedes, has a condo in Florida and is putting in a pool. But he just sent in T4s totalling \$80,000. This lifestyle is not financed by what the T4s are telling me. Something else must be going on. So I told him we are too busy with corporate work to take on new clients this year, and sent back his documents. Was I right?

- *Honest Ed*

**Dear Ed,**

No. Instead of jumping to conclusions, you should have called up your hockey buddy and asked him to explain. While you're right that you'd be violating professional ethics - not to mention the tax code - to help him hide income from the tax man, you're wrong to assume that the money propping up this luxurious lifestyle was unlawfully gained. Perhaps this fellow has a PhD (Papa has Dough)? Or a WBB (Wife Brings home the Bacon)? Nor, as far as I know, is it illegal to accept gifts or inheritances.

Depending on his line of work, he could have had good years when he socked away savings, and bad years when he dipped into them, and 2009 could have been a bad one, as it was for many. What's important is that you know where a client's income is coming from and that any suspicions you have are laid to rest.

Don't get me wrong: I applaud your skepticism. Had his accountant asked more questions, Earl Jones, the made-in-Canada Bernie Madoff who is now serving 11 years for fraud, wouldn't have been able to skim \$500-million from the savings of his neighbours, relatives and friends in a Ponzi scam that went undetected for 27 years. Many of his 158 former clients (some met through Montreal golf and hockey clubs) are now destitute; others are in dire straits.

Given the risks, it behooves you to get the real story from your clients and the paperwork that supports it.

Let's look more closely at the difference between what we know, what we think we know about others, and what we think others know about us (and about what we may be hiding).

Scientists have long known that children as young as four can figure out that they know something that other people don't. That is, most preschoolers know when another person is operating on the basis of less information than they themselves have - a mental faculty psychologists call "theory of mind."

Imagining that someone else has completely different thoughts and ideas than you do is a feature of empathy. But this valuable human faculty is precisely the one that facilitates con games. One person knows that the other has incomplete or misleading information, and can act accordingly - snatching goodies for himself or herself that are supposed to be shared, knowing that the other is no wiser.

There is now recent evidence from psychologist Renée Baillargeon at the University of Illinois that toddlers as young as 15 months can do this, too. The children can't explain how they do it, but they can tell the difference between what they know and what someone else perceives. Even chimps can tell whether the higher-ranking guy on the other side of the cage can see a much-coveted banana - or whether the treat is invisible from his cage-mate's point of view.

All this is to say that the ability to hoodwink others based on what you think they know is a human trait with a very long history. In future, don't put your stock on appearances. Ask clients for their paperwork before giving them the boot.

*Susan Pinker is a psychologist and author of *The Sexual Paradox: Extreme Men, Gifted Women and the Real Gender Gap*. Her blog on the science of human relationships can be found at [www.psychologytoday.com/blog/the-open-mind](http://www.psychologytoday.com/blog/the-open-mind)*