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# YOUR MONEY-U.S. expats find their money is no longer welcome at the bank

REUTERS June 11, 2014 12:03 PM



(Corrects fine to Credit Suisse to \$2.5 billion from \$1.2 billion, 9th paragraph)

By Geoff Williams

June 11 (Reuters) - Imagine being excluded from the financial services industry because of your passport.

That happened to Carrie Walczak, an American living in Germany, in May. She received a letter from Deutsche Bank informing her that her bank account was going to be closed because she is an American.

Walczak, a 37-year-old from upstate New York, lived in Brussels for seven years with her Belgian husband before moving to Bad Homburg, Germany, where she has resided for the past 18 months. Walczak says the letter informed her of new tax regulations required by the U.S. government, and because of that she is being dropped as a customer.

She says that a second bank account, from a financial institution based in Brussels, remains open -- but only because she signed two documents allowing the bank to disclose all of her banking information to the IRS. She has a third bank, based in Germany, which hasn't sent any letters to her.

"So that seems safe for now," Walczak says, admitting that she is rattled. "The problem is that to get paid and to have a normal

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life, one does need a bank account. If eventually other or all banks follow Deutsche Bank's lead, it could make my life very difficult."

Not to mention for all American expats, who number between 5 million and 6 million. In 2010, the Foreign Account Tax Compliance Act (FATCA) became law in the United States, making it harder for American taxpayers to hide assets.

Foreign banks and other financial institutions are required to give information to the Internal Revenue Service about Americans' accounts worth more than \$50,000. There is a slight reprieve - in 2014 and 2015 the law is in a "transitional period," with the IRS not taking punitive measures if a bank appears to be making a good-faith effort to comply.

Many of the account-closing complaints are coming from Americans living in Switzerland, according to David McKeegan, co-founder of Greenback Expat Tax Services, headquartered in Hong Kong.

That is due to Switzerland's banking troubles in recent years. In 2009, UBS paid a \$780 million fine to the IRS for helping American taxpayers hide money abroad. In May, Credit Suisse was fined \$2.5 billion for similar charges.

Neither firm made executives available for comment.

Still, it can be tough to keep a bank account if you're an American living in any country. "We're even hearing of some American banks closing accounts of Americans because they live overseas," McKeegan says.

#### BE PERSISTENT

If you're an American expat and you have a bank account or have recently moved and need to get one, Michele Moore Duhon advises patience. Duhon relocated from Boston to London in April. She was able to open a bank account at Barclays, but it took some effort.

"My passport wasn't enough. They wanted bills proving I lived where my flat contract stated I lived. But you can't set up for bills until you have a bank card," Duhon says.

It took her about 10 days and several back and forth trips to the bank with various pieces of paperwork before she and her husband, a French citizen, could get accounts.

Don't assume that if a bank shuts your account you do not have other options in the same country. Darryl Daugherty, a due diligence specialist from Baltimore, says fellow Americans are having trouble opening accounts in Bangkok, where he has lived for 13 years.

"It's not yet insurmountable," Daugherty says - you just have to

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keep checking around for friendlier banks, he adds.

#### RENOUNCE YOUR CITIZENSHIP

Renouncing U.S. citizenship is a drastic measure -- and surely an unintended consequence of FATCA. But McKeegan says he has seen American taxpayers doing that.

"It's not just the super rich doing it," McKeegan says. "We're talking average, middle-class people, people teaching English as a second language and doing freelance jobs making \$30,000 to \$50,000 a year, simply because of the fact that they can't open locked bank accounts."

Last year, nearly 3,000 Americans -- a record -- renounced their citizenship or residency, according to the IRS. In the first quarter of 2014, another 1,000 people have followed suit.

(Follow us @ReutersMoney or at <http://www.reuters.com/finance/personal-finance> Editing by Lauren Young and Leslie Adler)