

March 24, 2015

Finance Committee
United States Senate

Re: Individual Income Tax; American Overseas – Input to Senate Finance Committee

Ladies and Gentlemen,

Thank you very much for your solicitation of input from Americans on how to address fundamental issues in our individual taxation system for United States Citizens and Residents.

I write to you as a United States citizen that resides outside of America. I reside in Geneva, Switzerland and have done so since 1997. I am active in the American overseas community – being the former President of the American International Club of Geneva. I was also a founding member of the Americans Resident Abroad Working Group. We published a copy of our report which can be found on the American Citizens Abroad website. I have been a vocal critic of FATCA and the intense damage it has done to our overseas American community. You can find my interviews on Youtube including:
<https://www.youtube.com/watch?v=XY40rxBRxkQ>

There are two issues that are critical to me as an American residing overseas:

- Repeal of FATCA (Foreign Account Tax Compliance Act)
- Returning to Residence-based Taxation

I know others are providing more detailed submissions with more detailed analysis on these issues so I thought I would just provide you some concrete example of how FATCA has significantly negatively impacted my life and decreased the ability of America to export goods and services through the support of Americans overseas.

I am the founder of 3 different Swiss asset management and investment banking companies. Our companies manage money for wealthy clients. We work with Swiss banks as our custodial institutions and manage the accounts through an independent asset manager power of attorney. One of my companies – Strategic Swiss Advisors – deals with American clients and is a US SEC Registered Investment Advisor. With all of our companies – all of our clients are fully declared fiscally. Our clients choose to work with us due to our outstanding historical performance and they want the safety and stability of knowing their assets are kept in conservative Swiss banks.

In the last few years, I have been informed by more than one bank that we work with that I personally have to be removed from any management mandates due to my American nationality. The banks have gone further and actually requested that I expatriate if I wish to continue to do business with them! (This is impossible for me as I am only a US citizen). The Swiss banks are deeply distressed that the ongoing negotiations with the US DOJ do not seem to be coming to an end.

Unfortunately I find myself caught in the crossfire of this global financial situation. The Swiss banks want no links to US persons on any of our asset management agreements. They know that FATCA technically says if a US person has *even a signature* on an account, it must be reported on that persons FBAR and FATCA form 8938. This applies to all the US managers overseas with signatory power on their companies, asset managers and even attorneys with POAs.

The banks we currently work with are taking a hard line stance. Our asset management agreements are in the name of our companies, but it is easy to pull up the commercial trade register and see that I have a signature power and I am a US citizen. The banks have told me they will no longer work with me.

My partner is Canadian. He does not face the same issues I do. The banks are happy to work with him and suggest that I remove myself from all the management mandates and legally remove myself from signatory powers of the companies (basically demoting myself to a simple employee even though I am the founder of the firms). This is not workable in my line of business as the asset management business is very personalized. Much like the law profession, we all have our own clients and styles and my clients choose to work with me because they want to work with Ed Karr, not the firm or another partner.

So.....I find myself in a very difficult and uncomfortable position. Due to my nationality and FATCA, I am being forced out of a job I have loved to do for the last 25 years (and do well). My days have been filled with constant meetings and compliance administration, trying to find a workable solution for all parties involved. My businesses will become less valuable without me and our whole business model has been called into question. Of course I can contemplate moving back to CONUS and setting up my business there. However, my wife is Italian and we like living in Europe. I feel like a person who has been diagnosed with Ebola and is forced to live in isolation. It is embarrassing, frustrating and humiliating. I have lived in Geneva for the last 18 years and it seems like FATCA is intent of destroying everything I have worked so hard to build.

As a result, I believe that FATCA should be repealed in its entirety.

Sincerely yours,

Edward Karr
Geneva, Switzerland