FINANCE: Reilly Financial Sees Expat Community Needing Its Services as The Investment Picture Gets More Complicated

By MICHAEL LIPKIN

Just before New Year’s Day, Swiss bank and wealth manager Julius Baer said it planned to pay $547 million to settle U.S. prosecutors’ allegations it helped Americans evade taxes. Frank Reilly, president of La Mesa-based Reilly Financial Advisors (RFA), saw the news as yet another development pushing Americans living abroad toward firms like his, which specialize in expatriate accounts.

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But though the DOJ is trying to tamp down criminal misconduct, Reilly said foreign financial companies are now shying away from taking American accounts. And some American companies have put restrictions on what expatriates can do with their money. Fidelity Investments, for example, said last August that U.S. clients living abroad couldn’t buy or trade mutual funds in their brokerage account.

“To be an American overseas, it’s exceedingly difficult to open up an investment account if you’re telling the truth,” he said. “For a lot of them, their only option may be to liquidate and put it into their bank account, and now they’re not investing at all. How are they going to accomplish their goals if it’s sitting in a checking account earning 0.005 percent?”

International Connection

Reilly said Americans working for Aramco formed the backbone of his father’s initial client base. Aramco employed everyone from firefighters to geologists and workers ended up with a lot of money to save. They lived on a compound with heavily subsidized housing, had very low taxes, and few outlets to spend their money.

They were looking for something to do with their rising income and bought American friends also looking for investment opportunities, Reilly’s parents bought two plane tickets to Saudi Arabia to make connections. Don Reilly soon registered as a broker-dealer serving international clients and eventually worked for LPL Financial Advisors.

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