



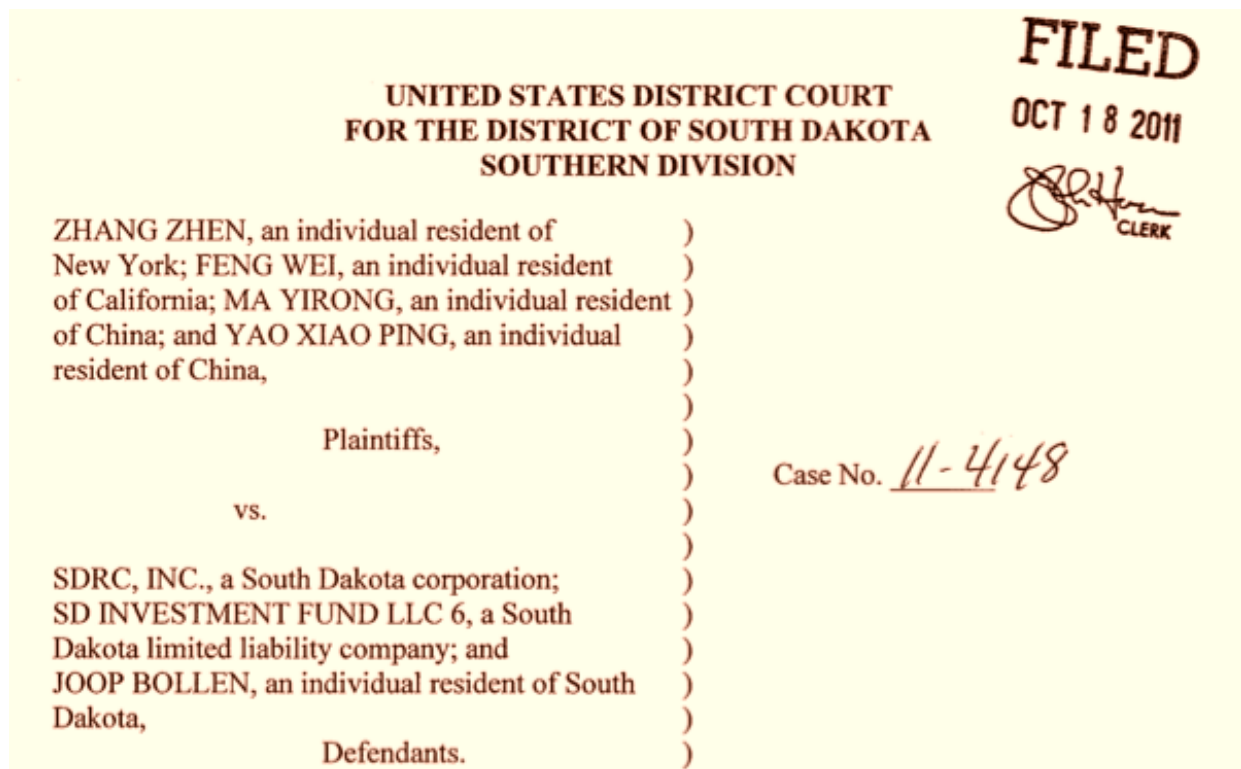
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NEWSLETTER | JANUARY-FEBRUARY 2012

- South Dakota Lawsuit Could Put EB-5 Visa Project on Hold
- Register Now: Overseas Funding (EB-5 & FDI) Workshops, March 5-9
- EB-5 Regional Center Owner Indicted by Federal Grand Jury
- Warm Weather Affects Ski Resort Revenue, Job Creation
- Oakland Pursues EB-5 Funding for A's Ballpark, Waterfront Development
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South Dakota Lawsuit Could Put EB-5 Visa Project on Hold

With the economy in the doldrums, it would be a shame for a dispute about EB-5 investor recruitment to put a job creation project on indefinite hold.



Unfortunately, that's what appears to be happening in South Dakota. A lawsuit against the [South Dakota Regional Center](#) (SDRC) is threatening to halt progress on construction of the Northern Beef Packers (NBP) cattle processing facility, an effort that has backing from the State of South Dakota, local governments, and EB-5 visa investments.

Commissions for foreign promoters

It all started with a disagreement about commissions being paid for investor recruitment. [Henry Global Consulting Group](#) was working with NBP to recruit Chinese investors for the construction project. At some point last year, NBP allegedly determined that since Henry Global didn't deliver the number of investors it had agreed to recruit, the former was under no obligation to pay a commission for the investors.



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 - 2.9亨瑞集团总裁与副总裁应邀参加第五届中加经贸合

To clarify: These would be investors that the NBP project didn't receive because Henry Global was unable to recruit them. The commission was \$50,000 per investor, allegedly, with the potential earn up to double that amount via a success fee.

above: Website for Henry Global Consulting Group

As of this month, the issue has reached new levels of confusion. Sources tell us that Henry Global recruited four investors currently living in the United States to sue SDRC. Those

individuals have since dropped the lawsuit, but the company has convinced other investors to sue the regional center instead.

Aside from those facts, much of what we know about the lawsuit is unverified. How exactly Henry Global convinced these plaintiffs to sign on to a lawsuit against their own partnership isn't clear. The lawsuit alleges that several significant facts about the project's history were never disclosed to investors and that the presentation of the project in the offering memo was "incomplete and inaccurate." Individuals at Henry Global have said it's an SEC compliance issue, but they did not elaborate further.

The Henry Global Website states that the company operates from over 50 branches, including offices in New York, Boston, San Francisco, and Los Angeles. The company is not a registered broker-dealer in the United States, however.

According to Joop Bollen, an SDR principal who is named in the lawsuit, it was Henry Global's responsibility to provide investors with all the necessary details about the NBP project during the recruiting process. He also says that the first four plaintiffs dropped out because they never even realized that Henry Global signed them on to a lawsuit in the first place. Others were soon recruited, however, and Bollen claims that Henry Global is now guaranteeing the investors a return of principal and full compensation for all legal fees if they join the lawsuit.

Henry Los Angeles Office
Address : 1609 West Valley Boulevard, Suite 300, Alhambra, CA 91803
Tel : Los Angeles, the LA [626-768-2339](tel:626-768-2339) New York NYK518-618-3858
E- mail : us@visa800.com

[Details](#)

Henry New York Office
Address : 1101 6th Ave, Suite, 412, New York NY 10018
Tel : [718-844-9115](tel:718-844-9115)
E- mail : eb5@henryglobal.com

[Details](#)

Henry Boston Office
Address : 462 Washington St. in Wellesley, MA, 02 482
Tel : [617-558-9055](tel:617-558-9055)

Henry San Francisco Office
Address
: 3471 North First Street San Jose, CA 95134 power : [415-868-4604](tel:415-868-4604)

Henry Global's US locations

We reached out to Henry Global for further comments and clarification, but we did not receive a reply prior to publication.

A history of delays

Unfortunately, this lawsuit is only the latest in a series of setbacks for the NBP project. In fact, to say that construction of the beef packing facility has had its share of ups and downs over the past several years would be an understatement.



In 2007, a handful of families residing a mile north of the construction site [filed a lawsuit against NBP](#) and two other businesses. The suit alleged that these businesses had or would create a nuisance.

above: Website for Northern Beef Packers, Aberdeen, South Dakota

Although that suit and a similar one that followed it were dismissed, additional trouble arrived the following year when a digging company filed a \$2.1 million lien against NBP. NBP, in turn, [filed a civil lawsuit against the digging company](#) alleging that the contractor "overcharged and double-charged for dirt-work."

In March of 2009, local publications reported that 7 companies had filed liens against the beef processing plant. By 2011, that number rose to 20, which put the total in excess of \$10 million [according to Aberdeen News](#) in Aberdeen, South Dakota. Repayment was "in place for all but one business" as of last June, but the lawsuit against the digging company was still in the court system.

And on top of that, there's this from Aberdeen News:

Southern Dakota Contracting filed a civil suit against Northern Beef Packers in March seeking \$562,965 plus interest for excavation work. Northern Beef disputes part of the cost, Kaiser said. That suit is also making its way through the courts.

At times in the past, Northern Beef's property taxes have been delinquent. The plant's property taxes are [now] up to date, said Dorene Borchard, Brown County chief deputy treasurer.

Of course, foreign and U.S. promoters rarely hesitate to portray projects positively before prospective EB-5 investors – whether there's anything positive to portray or not.



Brian Su of the Artisan Business Group, who assisted SDRC in promoting several offerings that include the NBP project, has called SDRC "one of the most solid regional centers in [the] Chinese market."

Michael Gibson of USAadvisors.org filming Joop Bollen in front of the beef packing facility, 2008

The NBP effort even [had the support of former South Dakota Governor Mike Rounds](#), who helped the company secure a \$1 million grant from state coffers to support the construction. Richard Benda, the former South Dakota Secretary of Tourism and State Development worked as loan monitor for the NBP effort and even traveled to China to promote the project to potential EB-5 investors.

Yet in spite of its promotional support from public officials and monetary support from South Dakota taxpayers, the plant, as reported by Aberdeen News "has been a long time coming." With a history of lawsuits, liens, and tax issues, the NBP project is still not operational nearly six years after the site was purchased by the original developers.

The current lawsuit, then, is only the most recent in a series of challenges that have stymied the efforts of developers, investors, and the state to create jobs in South Dakota.



Mike Rounds (R-SD)

The SDRC position

When it comes to the most recent lawsuit, Joop Bollen doesn't think the Henry Global-recruited plaintiffs have a case. He says that all essential information was disclosed to the investors in full and that it's Henry Global that wants SDRC to release additional information.

The way he sees it, Henry Global either wants to frighten SDRC into pressuring NBP to pay the disputed fees or it wants to destroy SDRC entirely in retaliation for its not receiving the commissions NBP can rightfully claim the company never earned. Either scenario, Bollen says, stems from the fact that Henry Global knows it can't go after NBP directly because it simply cannot make the case that it performed according to the agreement.

"I've been speaking to the limited partners," he said. "They don't know whether to trust me or Henry Global."

Bollen's chief concern is that a pending lawsuit could halt the flow of state and local dollars to the project, effectively putting progress at a standstill. "The state told us they would sit back and wait," he said. "I think they now understand that it's not a serious lawsuit. The biggest issue is that this could freeze the project by holding back the funding."

SDRC pays agents a commission of \$30,000 per investor, which Bollen says is standard. He also says he was not party to the agreement NBP made with Henry Global. The agency is "simply attempting to destroy SDRC at any cost, even if that is at the expense of investors Henry Global recruited," he said.

Ironically, it is the investors who stand to lose the most from entering a lawsuit against the regional center. After all, the project must move forward if they are to receive green cards through the EB-5 visa program.

If, in fact, Henry Global is pitting these investors against SDRC at their own expense, it would appear to be a big disservice both to them and to their opportunity to live in the United States.

And if legal issues once again hinder progress at NBP's beef packing facility, it would demonstrate yet again just how volatile, risky, and setback-prone many EB-5 visa projects are – whether they have government backing or not.



Overseas Funding (EB-5 & FDI) for U.S. Development Workshops: March 5-9

USAadvisors, publisher of EB5Info.com in collaboration with ILW.com, [Akerman Senterfitt](http://AkermanSenterfitt.com), [Fowler White Boggs](http://FowlerWhiteBoggs.com), [LCG Capital Group](http://LCGCapitalGroup.com) and [Homeier & Law](http://HomeierLaw.com) is presenting [a conference workshop on how to raise capital from overseas via the EB-5 visa program or other sources of Foreign Direct Investment \(FDI\)](#). This is a comprehensive program, which actually has three seminars in one week:

The screenshot shows the website for "OVERSEAS FUNDING (EB-5 & FDI) WORKSHOPS". The navigation bar includes links for About, Agenda, Speakers, Venue, Sponsors, Costs, Resources, and Contact Us. The main heading is "OVERSEAS FUNDING (EB-5 & FDI) WORKSHOPS" with a sub-heading "How to bring Overseas Capital & Funding to your U.S. Development Projects".

Orlando Seminars

SUNDAY ARRIVAL, REGISTRATION & POOL BBQ
March 04, 2012

PANELS

- Poolside BBQ and Refreshments** 02/16/2012 05:58 AM
Come join us in a poolside meet and greet social and get ready for an informative week ahead!
Price: Free
Registration

SPEAKERS / SPONSORS

Speakers: Two men in suits.
Sponsors: LCG, ILW.COM, and a logo with a sunburst.

EB-5 VISA PROGRAM: REGIONAL CENTERS, IMMIGRATION LAW AND USCIS
March 05, 2012

PANELS

- Opening Remarks** 03/05/2012 09:00 AM
Registration:
Continental Breakfast and Handouts Provided
- Session 1: The EB-5 category** 03/05/2012 09:15 AM
Basic Eligibility for the I-526 petition
 - Business Models - Equity, Loan
 - Source of Funds - Basics; Currency Transfers
 - Exemplar Petitions...
- Session 2: TEA & Regional Center Designation** 03/05/2012 10:45 AM
TEA
 - Purpose
 - Defined
 - Challenges

SPEAKERS / SPONSORS

Speakers: Seven men in suits.
Sponsors: LCG, Fredrikson, EPR, H|L, GreenbergTraurig, ILW.COM, and a logo with a sunburst.

Seminar 1, Mar 5: [EB-5 Visa Program: Regional Centers, Immigration Law and USCIS](#)

This one-day program will focus on immigration issues related to the EB-5 Immigrant Investor Visa program and will address all aspects of the process from filing the I-924 application to USCIS for Regional Center designation to preparing and filing the immigrant investor's I-526 and I-829 petitions, the costs involved, the time it takes to obtain designation and investor funding and information related to Targeted Employment Areas (TEA) and Job Creation mandates. Experts will also discuss issues ranging from source of funds (SOF) to the payment of fees to "finders" and current policy guidance from USCIS.


A whole team of experts will be on hand to discuss every aspect of filing for a Regional Center application to preparing investor packages and will outline dos and don'ts regarding immigration law, including the policies and procedures involved, and offer helpful advice in navigating and understanding USCIS regulations and guidance.



A representative from the Department of Homeland Security (DHS) is also expected to be on hand to address the audience on the current state of the EB-5 program as well as answer questions.



U.S. PROJECT DEVELOPMENT FUNDING OPTIONS: TRADITIONAL, NON-TRADITIONAL, EB-5 AND OTHER FOREIGN SOURCES OF CAPITAL

March 06 - March 07, 2012

PANELS

- **Traditional & Non-Traditional Funding Options**  

03/06/2012 09:00 AM
This panel will describe all of the many funding options open to a U.S. developer, including both traditional and non-traditional...
- **Public (Federal & State) Funding, Loan Guarantee and Grant Options**  

03/06/2012 10:00 AM
Economic Development, Community Development, Local, State and Federal funding options, loan guarantees, assistance and...
- **The Business Plan**  

03/06/2012 11:00 AM
This panel will describe the importance of the business plan and how critical that is to the success of the issuer's offering, especially...
- **Lunch**  

03/06/2012 12:00 PM
Lunch

SPEAKERS / SPONSORS



Seminar 2, March 6-7: U.S. Project Development Funding Options: Traditional, Non-Traditional, EB-5 and other sources of Foreign Capital

This two-day workshop is designed to educate U.S. developers, economic development agencies, companies, manufacturers, early-stage research and development incubators, and others about all of the options available to them to fund their projects at the lowest cost of capital.

Tuesday begins with a discussion of all of the options available and at what stage of development those funding options are typically discussed, from Friends & Family to IPO. We have experts discussing the various forms of capital: debt & equity, the cost of capital and both typical and non-typical sources of funding. Commercial Bank lenders and officials familiar with public finance will be on hand to discuss typical lending and loan guarantee

standards. You will also receive information and guidance from providers of non-typical sources of capital including Venture, Private Equity and International sources of institutional and individual debt and equity.

The EB-5 Immigrant Investor Visa program will be described in detail: what a Regional Center is, the requirements for filing for Regional Center designation, how to find investors overseas, working with overseas professionals and agents, as well as filing the Immigrant Investor application, guidance and regulations from USCIS (the Federal Agency overseeing the EB-5 Visa program). Representatives from the Department of Homeland Security will also be on hand to discuss the current state of the program, its recent developments, and upcoming changes for the near future.

Wednesday offers a full day of putting together the securities offering documents with a team of experts from international law firms familiar with structuring the said corporate and legal documents. Once the discussion of securities documents is complete, we will discuss the process of getting those documents into the hands of lenders and investors without violating U.S. or foreign securities laws, general solicitation, or making payments of fees to non-registered persons. Presentations by registered broker-dealers and EB-5 Regional Center operators will offer valuable hands-on experience with the issues facing U.S. entities looking to raise capital overseas.

Both days will be followed by plenty of 1-1 interactions, Q&A panels, receptions and networking events so there is ample opportunity to discuss case specific questions with the professionals who can answer those on site.

U.S. PROJECT FUNDING THROUGH INTERNATIONAL MARKETING, PR & MEDIA CHANNELS
 March 08 - March 10, 2012

PANELS

- "Your Marketing Sucks" and why it does not have to**
 03/08/2012 09:00 AM
 Marketing Guru Mark Stevens describes how to create an effective marketing campaign using ROI tools that he has developed through...
- Live Agent Call** 03/08/2012 10:00 AM
 Live Skype / Web conference calls with agents from overseas (China, India, Russia, Brazil, Mexico, Canada, Korea)
- Keynote Address: Mark Stevens Author of "Your Marketing Sucks"** 03/08/2012 07:00 PM


SPEAKERS / SPONSORS



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 Rodin + Fields
 STRUTZ
 Zestart Status
 Monitor Settings
 Comdite
 OnAmerica
 Charlie
 Caribga

Seminar 3, March 8-9: [U.S. Project Funding through International Marketing, PR & Media Channels](#)

Perhaps the most exciting part of the conference workshop will be two days of presentations by marketing, media and PR professionals to guide developers and economic development officials on what to do once the project is ready for funding, the EB-5 Regional Center has been designated, and the documents have been prepared.

These experts will help guide the participants on how to plan an effective marketing and PR campaign. To assist in that process, we have a number of experts familiar with marketing overseas to help the audience understand how to present their projects to the overseas investors and what websites these clients are looking to for information on investing in the United States.

We are pleased to have Mark Stevens, author of "Your Marketing Sucks" join us to present his thoughts on how to maximize the audience's ROI on marketing and he will kick off the marketing presentation and the Keynote presentation on Thursday evening.

Overseas Funding Welcome Fireworks at Disney World 03/05/2012 07:00 PM

IllumiNations: Reflections of Earth

Entertainment at Epcot®

[Book Your Vacation](#)



IllumiNations: Reflections of Earth, a mesmerizing fireworks, laser and water show featuring a rousing soundtrack, plays nightly for Guests of all ages in the World Showcase area in [Epcot theme park](#).

Seen atop the World Showcase Lagoon, IllumiNations: Reflections of Earth is a spectacular 14-minute, live pyrotechnic show that brings together the past, present and future of our planet and its colorful nations.

Featuring breathtaking fireworks, brilliant bursts of fire, laserlight effects, dramatic fountain barges, a stirring musical score and the world's first spherical video display system—the 350,000-pound Earth Globe—IllumiNations: Reflections of Earth is an inspirational nighttime spectacular bursting with surprises for the entire family.

The week is also full of fun, exciting networking events from Disney World to the Orlando Magic Training facility. We'll then finish at Universal Studios theme park, so there will be plenty of opportunities for participants to meet one-on-one with the speakers.

What is Overseas Funding? **What is a TEA?** **What is the cost of this "overseas funding"?**
 Who can I trust? **How can EB-5 and foreign capital be used in Economic Development?**
 What are the issues I should be aware of? How can I get funding for my development? **Do I need an Economist?**
Are there any tax issues? **What is EB-5?** What is a foreign "finder"?
 How long does it take? **What documents do I need to give to an investor?** What can go wrong?
 How soon can I get my investor's money? **What happens if investors loose money in the project?**
What is the role of an immigration attorney? **Can I get funding through EB-5?**
Where does the money come from? Can I build a hotel with EB-5 money?
 How much foreign funding can I raise? **What laws do I need to follow?**
 Who can help me prepare the business plan? What is the process to get overseas funding?
How much does it cost? Do I need to travel to get this money?
 How much do agents charge for their services? **How much capital can I raise for my project?**
How much does it cost to create an EB-5 Regional Center? Who can help me find the answers?
Where do I go to find foreign investors?
 What is my potential liability as a practioner if something goes wrong?
 Can Public Private Partnerships use foreign capital? **Where do I go for reliable information?**
What about other sources of funding? Can I Partner with Existing EB-5 Regional Centers?

www.OverseasFunding.com

March 5-9 2012, Orlando, FL | 239-465-4160 | jessica@usadvisors.org



If you have any questions on the Overseas Funding workshop and series of events, please contact Jessica Lister at 239-465-4160 or by email jessica@usadvisors.org.



EB-5 Regional Center Owner Indicted by Federal Grand Jury

by [Michael Gibson](#)



International business consultant A. Eddy Zai stands next to the Chinese symbol for prosperity on his office wall; Zai is now indicted in Croatian Credit Union Fund swindle.

A Federal Grand Jury in Cleveland [has issued a 37 count indictment](#) against EB-5 Visa Regional Center owner A. Eddy Zai and two others. Zai, 90% owner of the [Cleveland International Fund](#) (CIF), is being charged with fraud, bribery, money laundering, conspiracy and making false statements which led to what United States Attorney Steven Dettelbach called "A conspiracy that resulted in one of the largest credit union collapses in history"

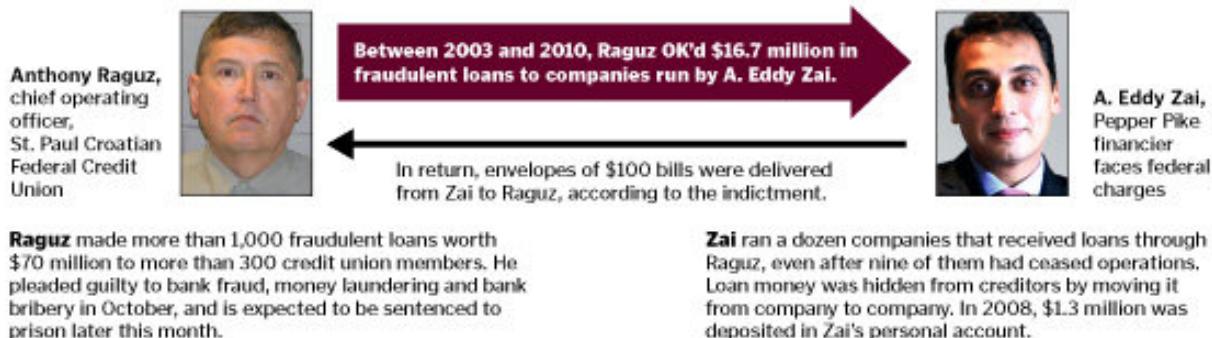
Federal Bureau of Investigation (FBI) Special Agent Stephen D. Anthony said that "This indictment is the result of a lengthy joint investigation between the FBI and the IRS. Zai was the single largest recipient of fraudulent loans and significantly contributed to one of the largest collapses of a credit union in U.S. history."

The charges against Zai are: two counts conspiracy, two counts of bank fraud, one count of bank bribery, 11 counts of money laundering, 17 counts of making false statements to a bank, one count of making false statements to federal agents.

Feds charge Zai received \$16.7 million in fraudulent loans

A federal grand jury indicted Pepper Pike financier A. Eddy Zai on 34 charges involving fraudulent loans involving St. Paul Croatian Federal Credit Union's collapse. Authorities say Zai was the single largest recipient of the fraudulent loans and significantly contributed to the fund's collapse.

How the scheme allegedly worked



St. Paul Croatian Federal Credit Union was declared insolvent in 2010, and the National Credit Union Administration began liquidating its assets.

SOURCE: Federal grand jury indictments against A. Eddy Zai

SCOTT SHELDON, JOHN CANIGLIA AND KEN MARSHALL | THE PLAIN DEALER

Darryl William, Special Agent in Charge of IRS Criminal Investigations said "Money laundering is a very complex crime involving an enormous amount of financial transactions, and IRS-CI has the investigators and expertise that is critical to locating the money and prosecuting the offenders."

It is claimed that Zai conspired with others, including Anthony Raguz, the former Chief Operating Officer of the St. Paul Croatian Federal Credit Union (SPCFU), to submit false loan documents to the credit union, defraud the credit union of approximately \$16.7 million, and pay bribes and kickbacks to Raguz for using his position at the credit union to approve numerous loans to Zai and the entities and nominee companies he controlled, according to the indictment.

The conduct took place between December 2003 through March 2010, according to the indictment.

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CLEVELAND INTERNATIONAL FUND - MEDICAL MART HOTEL, LTD.

Email Notifications: OFF
When Cleveland International Fund - Medical Mart Hotel, Ltd. submits a new corporate filing

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Cleveland International Fund - Medical Mart Hotel, Ltd files Form D with the SEC

JASON ZUCCHETTO DECEMBER 9, 2011 CLEVELAND INTERNATIONAL FUND - MEDICAL MART HOTEL, LTD.

CLEVELAND, OH – Cleveland International Fund - Medical Mart Hotel, Ltd...(CONTINUED)

SPFCFU was placed into conservatorship by the National Credit Union Administration on April 23, 2010. One week later, the NCUA liquidated SPFCFU and discontinued its operations after determining the credit union was insolvent. At that time, SPFCFU served about 5,400 members and was believed to have assets of approximately \$239 million.

At all times herein, Zai owned, operated and controlled, either solely or with Vannelli, [The Cleveland Group, LLC \(aka the Cleveland Group of Companies\)](#) and its many related entities, which included: Cleveland Flooring & Designs, Ltd.; Alpina, Inc.; Cleveland Development Group, LLC; The Cleveland Group, Environmental, LLC; Cleveland Real Estate Group, Inc.; The Cleveland Group Real Estate Division; The Cleveland Group, Excavating Division; Cleveland Management Group, Inc.; The Cleveland Group, Construction Division; The Cleveland Group, Consulting Division; The Cleveland Group, Ltd.; 417, Ltd.; 417 Limited; and Sutton Park, Ltd. Certain of these entities were created primarily to "operate as a safe haven" for credit union proceeds, while others performed little or no legitimate business despite having loan proceeds intended for Zai's "business" ventures, according to the indictment.

Website Remodel in Progress



The Cleveland Group's Website

Zai also engaged in a scheme to defraud the credit union by, among other things, submitting loan documents for and receiving loan proceeds on behalf of companies that ceased operations, according to the indictment. Zai continued to seek and obtain loan proceeds in the name of non-operating entities even after he directed that no loan payments be made to the credit union. This scheme to defraud the credit union resulted in an approximately \$13.7 million loss, according to the indictment.

The indictment alleges further that Zai submitted numerous false loan documents to the credit union between March 2008 and July 2009 in order to influence the credit union's decision to approve loans to the companies he controlled.



Eddy Zai, CEO, Cleveland Bio Fund

Zai and his former business partner, Ted M. Vannelli, gave Raguz numerous cash payments, usually in the form of \$100 bills concealed in envelopes and hand-delivered to Raguz at the credit union's offices, and totaling more than approximately \$5,000, according to the indictment. The payments were made to both induce Raguz to approve additional fraudulent loan applications and to reward Raguz for having previously approved false loan applications, according to the indictment.

Vannelli is Zai's father-in-law, according to court documents.

The indictment also charges Zai with 11 counts of engaging in financial transactions with fraudulently obtained loan proceeds, including a series of wire transfers, all in the amount of \$475,000, from an account in the name of The Cleveland Development Group, LLC to an account in the name of The Cleveland Group Real Estate Division. Both entities had ceased operations prior to these transactions.

The indictment also charges Zai and Vannelli with conspiring to submit false loan applications to Park View Federal Savings Bank and to defraud Park View Federal Savings Bank. Specifically, the indictment alleges that Zai and Vannelli submitted false loan documents, including false personal financial statements, that overstated their net worth and failed to disclose their debt to the credit union. Park View Federal Savings Bank suffered a loss of more than approximately \$750,000, according to the indictment.



The indictment also charges Zai with making false statements in loan applications to ABN Amro and CitiBank in connection with a residential mortgage and home equity line of credit by, among other things, failing to disclose his debt to the credit union.

Additionally, the indictment alleges that Zai made false statements to agents with the Federal Bureau of Investigation and Internal Revenue Service when he denied: (a) knowing that one of his investors, the Zlato Group, was co-owned by Raguz, and (b) speaking with Raguz about money Zai's company received from the Zlato Group.

Finally, the indictment alleges that Zrino Jukic, a co-owner of the Zlato Group, engaged in a scheme and artifice to defraud St. Paul Croatian Federal Credit Union by providing false information in connection with approximately 11 loan applications, the proceeds of which were used to allow Jukic and Raguz, through their company, the Zlato Group, to invest in certain of Zai's business ventures.

This case is being prosecuted by Assistant U.S. Attorneys Bridget M. Brennan and John D. Sammon, following an investigation by the Cleveland office of the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation Division.

When contacted for comment, the spokesperson for CIF referred us to the statement released on their Website [and attached here](#).



Warm Weather Affects Ski Resort Revenue, Job Creation

by [Michael Gibson](#)

Since a number of ski resorts receive funding through EB-5 visa investments, it should be of great interest to EB-5 stakeholders whenever unforeseen circumstances threaten job growth at these operations.

Unfortunately, this winter has not been a good one for the ski resort business. Unseasonably warm weather and a lack of snow across the United States has ski resorts from California to Vermont scrambling to make snow. Nearly all are experiencing a decline in the number of skiers, and many resorts are forecasting a dismal year due to the high cost of making more snow for fewer visitors.

The following headline [appeared in the Huffington Post](#) earlier this month:

Poor Ski Conditions Hurting Small Businesses





First Posted: 1/11/12 11:52 AM ET | Updated: 1/11/12 02:56 PM ET



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SHARE THIS STORY

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While many in the Northeast and other cold-weather locales may be enjoying a string of balmy, springlike January days, a lack of snow at the nation's ski resorts has led to poor conditions, a drop-off in tourists and big headaches for local businesses.

And then there's [this one](#) from the Mother Earth News network:

The screenshot shows the Mother Nature Network (MNN) website. The logo is in the top left, with the tagline "improve your world". The top right has navigation links: "Idea Lab", "Videos", "Photos", "Blogs", "Advice", and "World". Below the logo is the date "Friday, January 27, 2012" and a "Follow us" button with a Facebook icon. A horizontal menu below the date includes "EARTH MATTERS", "HEALTH", "LIFESTYLE", "GREEN TECH", "ECO-BIZ & MONEY", "FOOD & DRINK", and "YOUR HOME". The main content area features a breadcrumb trail: "MNN.COM > EARTH MATTERS > CLIMATE & WEATHER". The headline is "No snow is big problem for U.S. ski resorts" in green. Below it is a sub-headline: "This year's unseasonably warm weather is creating headaches and hurting business for ski resorts in the West and Northeast." A "Read more" link points to "OUTDOOR ACTIVITIES, SPORTS, VIDEO, WEATHER & CLIMATE". To the right is a "TODAY'S MOST POPULAR" section with a list of three items: "1. Million-mile cars", "2. 7 inventors killed by their inventions: Tragic irony", and "3. Versailles: 90,000-square-feet of wretched excess and shattered dreams".

Another news source [explained the issue](#) like this:

Getting some skiing in this season may not be as easy as booking a flight to the slopes. With less than stellar bases, ski resorts all over the country say they are seeing fewer visitors due to a lack of snow. And that deficit is leading them to keep runs closed longer or write off the entire winter as not worth the money to even open.

Resort operators' hopes for strong growth in revenue were dashed late last year as many would-be skiers canceled their ski trips over the Christmas and New Years holidays, traditionally one of the most lucrative periods for ski resorts, and opted to stay closer to home, visit the beach, or pursue other warm weather activities. This has threatened many seasonal ski resort employees whose jobs depend on the influx of vacationers.

[According to the New York Times](#), "unusually balmy" weather in New England has "[wrought] havoc on snowmaking" at resorts that usually have no problem making and maintaining plenty of snow for skiers before Christmastime:

Many ski areas opened late this year, and the slow start is threatening the fragile economy of towns that rely heavily on the ski traffic that usually starts in earnest over the holidays. Hundreds of seasonal workers have been unable to start their jobs, while some innkeepers report far more empty rooms than is customary during the holidays.

The warm weather has been a boon for other industries whose revenues are impacted by large amounts of snowfall, in particular intermodal and logistics operations like FedEx and UPS.

There are a few ski resorts that rely on EB-5 visa investors to fund their projects, but none are more well-known to the EB-5 visa stakeholder community than Jay Peak Resort in Jay, Vermont. Bill Stenger, co-owner of Jay Peak, even appeared on CNBC on December 30 to describe the problem.

Luckily for Jay Peak, being much further north than most ski resorts means it has a better ability than its southern competitors to produce snow when temperatures drop.

But doing that comes at a cost. At \$2 to \$5 per cubic meter, snowmaking can become expensive. Covering an entire mountain with manufactured snow can actually be very costly, running into the hundreds of thousands of dollars per year. This is also a very risky operation as the snow can melt when temperatures rise above 32 degrees, forcing the resort to re-manufacture its base and trails.



And let's not forget that unseasonably warm temperatures don't just affect life in ski resort communities. In Cleveland, Ohio, a Fox affiliate [recently reported](#) how warmer weather is impacting revenue for local businesses.

The trend toward warmer temperatures and climate not only in the U.S. but around the world may not be a short-term phenomenon. EB-5 visa investors should consider the financial implications of rising temperatures and weather-related circumstances as they evaluate whether an operation can generate sufficient revenue and create jobs.



Bloomberg on Mamtek EB-5 Regional Center Investment Failure

by [Michael Gibson](#)

In the recent article from Bloomberg Businessweek's Susan Berfield, [A Missouri Town's Sweet Dreams Turn Sour](#), the author describes in great detail how the hopes of one small midwestern town collapsed under the weight of lofty promises and false promotion involving a project partially funded by EB-5 visa investors. This follows [our reporting of the story](#) in September.



Mamtek's sucralose project in Moberly, MO (photo: Ty Cacek, Bloomberg Businessweek)

Her investigation reveals that, in the rush to create desperately needed jobs in a small town without many options, city planners and economic development officials did not ask many questions about promoter/developer Bruce Cole and his plans to create a large manufacturing plant despite having little experience or financial resources:

Although Cole would not comment, interviews with former Mamtek executives, consultants, and city officials, as well as a review of the bond offering, legal filings, and other records made public, tell the story of Mamtek's collapse. It's a tale of economic desperation, the lure of Chinese wealth, and, most of all, people's need to believe. "We all thought this was going to be awesome. We thought everything had been checked out," says Lindsey. "Shame on us.

Berfield writes that Cole did try to shop his dream to other states, but they were not receptive to his claims without evidence to support his assertions:

They really didn't show up with a lot of material," says Russell Staiger, president of the Bismarck-Mandan Development Assn. "We never saw any information about their financials. It was all just talk. They didn't even bring any sucralose. We have an expression up here: a rancher who's all hat and no cattle.

The following saga of development and mismanagement is well chronicled in the article, including the injection of equity from private investors and the bond offering made by the City of Moberly. Throughout this stage, developer Cole was constantly short of cash, a problem for which he was counting on EB-5 visa funding to help make payments:

Although Cole didn't mention it in his official pitch, he was counting on raising millions through the U.S. EB-5 visa program...Mamtek intended to set up its own center to attract Chinese investors for the sucralose plant and other Moberly projects. Mamtek applied for expedited approval in January, which Cole hoped would come in April. The government denied the request. Cole told Lindsey and other Mamtek employees that the company's EB-5 application would be approved later through the regular process. In the meantime, he said, he was close to raising a great deal of money from other investors. No one had any reason not to believe him.

In the meantime, other Mamtek personnel and investors, unaware of the financial difficulties, continued to pour money into the operation and hire job seekers, receiving over 5,000 applications for the 120 jobs scheduled for the sucralose plant. To compound the difficulties, the market price for sucralose dropped substantially as Indian and Chinese manufacturers came on line, depressing the price from \$250/kilo to as little as \$90/kilo. Mamtek's plan to sell at \$170/kilo had to be revised in light of current market conditions to as little as \$120/kilo, just above operating margin.



In the meantime, Cole was busy shuttling back and forth to China, where he hired [well-known Chinese migration agent Well Trend](#) to promote his project offering to unsuspecting wealthy Chinese investors:

Cole hoped to get those millions from an EB-5 project in Philadelphia that had stalled. (Mamtek's own EB-5 approval came in mid-August, though before then the company did attract a total of \$2 million from four Chinese investors.)

The President of Well Trend, a Mr. Wang, has said that the company makes field trips and does in depth, comprehensive EB-5 research to get the most realistic data and objective information that they then pass on to their clients:

It is a rigorous, robust business concept which has produced impressive achievements and reputation, winning customers, peers and praise.

Well Trend's goal is selective U.S. investment, cognitive and rational selection of EB-5 projects, experience immigration track record, stable operation and low risk projects.

Fortunately, Well Trend's lack of due diligence on Mamtek or Cole resulted in only four investors placing their funds in the sucralose project despite the fact that the agency gave it a five star ranking and placed it second on their list of preferred EB-5 visa investments, behind only CMB and ahead of Pennsylvania's SETA and the Kimpton Hotel offerings.

Well Trend was not the only promoter of the project. Former Missouri Governor Bob Holden formed the company MidWest US-China Association to promote ventures like Mamtek to the Chinese. The Association promotes itself as a "hub to form meaningful partnerships that make full use of the opportunities that collaboration between the Midwest U.S. and China provides, bringing long-term growth to each region:"

Our members benefit from MWCA's intentional networking approach that offers more intimate delegation settings with a high value for dialogue and one-to-one interaction. New partnerships are forged as ideas are exchanged. Meaningful information is shared. Real business results are evident.

When asked for comments after the project's failure, Holden downplayed his role, saying that he was only there to solicit investments and that "the association did not check to see whether the company was legitimate or had the funds necessary to sustain a major project."

"I don't have the staff to go in and do all the due diligence," Holden said. "That would take a considerable amount of money with not a good rate of return."

The Fallout



Well Trend President Mr. Wang

Bloomberg reports that the SEC is now investigating as well the Missouri Attorney General's office and state lawmakers. The trustee for the bond issued by Moberly, UMB Bank, is suing Mamtek in federal court and trying to force what is left of the company into bankruptcy.

The immigration agency in Beijing that pitched Mamtek to its clients, each out \$500,000 and an EB-5 visa, says it may sue Cole.

The report by Berfield finishes with this thought:

Officials in Missouri, quick to welcome Mamtek, are now loath to take responsibility for its demise. Moberly trusted the expertise of Mamtek's own counsel as well as the appraisal firm and the bond underwriters, Morgan Keegan (which settled a fraud case this past summer related to subprime mortgage securities and is now up for sale).



**Corey Mehaffy,
President Moberly
Area EDC**



**Moberly City
Manager
Andrew Morris**



Mayor Bob Riley

Morgan Keegan said its due diligence focused on the city's finances and that it relied on Moberly and the state's Economic Development Dept. to verify Mamtek's financial condition. Economic Development was wary of placing too many demands on companies interested in doing business in the state. That sends the message that they are "obviously not welcome in Missouri," said David Kerr, the now-retired director of the department, during hearings held by the Missouri House of Representatives in November.



Ground Zero Project Trouble, Issues for NYC EB-5 Visa Projects?



One World Trade Center to reach 105 floors, 1776 feet upon completion, Photo Credit: [Mark Lennihan, AP](#)

From the Associated Press comes this [story about building construction](#) that developers may have to end after only 7 of the planned 80 floors are complete. The news from New York is that unless Silverstein Properties can line up more tenants, they will have to cease construction at the podium level of Three World Trade Center.

Silverstein needs tenants for the first 10 floors says the Port Authority of New York and New Jersey. Otherwise, the only option is to quit now and resume construction at a later date. Without the leases, the Port Authority will not guarantee the financing that Silverstein Properties is counting on.

According to the AP:

Many companies in New York are reluctant to invest in new offices because of the poor economy, and dozens are negotiating lower rents as five-year leases signed before the housing crash begin to expire. But both Silverstein and the Port Authority said they are

confident the developer can get enough tenants lined up. 'We are currently speaking with a number of potential tenants and remain fully optimistic that we will sign a lease in time to complete the tower as scheduled in 2015,' Larry Silverstein, the company's chief executive, said in a written statement.

Mayor Michael Bloomberg said that he would be disappointed if Three World Trade did not go higher, but that the city would not extend any aid to keep it going. The most important part of the project, he said, is laying the infrastructure for future construction. "If you did that and you couldn't keep building up, I think that's a shame," Bloomberg told reporters. "But there are things that should depend on the marketplace and investors. That should be up to them."

The 10-story "pre-lease" requirement is included in a 2010 agreement between Silverstein and the Port Authority. The difficulty in finding tenants comes amid other problems that have dogged the project.

This illustrates a problem for many large city developers that are claiming both job creation and a return of principal to investors based on speculative building without first obtaining pre-leases. It also demonstrates why EB-5 visa investors should exercise caution before investing in large-scale projects that may not be economically feasible or able to support the underlying EB5 job creation projections as outlined in the I-924 or I-526 business plans submitted to USCIS.

Additional issues include the reliance on public sector funding, which may not be available if certain conditions – a percentage of the property being leased before public funds can be released is just one example – are not met by the developer.



Patrick Foye, Executive Director of the Port Authority of New York and New Jersey, Photo Credit: Mark Lennihan, AP



USCIS Addresses EB-5 Regional Center Tenant Occupancy Issue

USCIS has released a letter addressing an issue raised during the last EB-5 stakeholder conference call/meeting.



U.S. Citizenship
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At the meeting, several participants addressed the question of adjudication of EB-5 visa regional center petitions using what is referred to as the "tenant-occupancy" methodology to determine whether or not the job creation conditions can be satisfied upon filing the investor's I-829 petition.

According to the OPE:

The "tenant-occupancy" methodology seeks credit for job creation by independent tenant businesses that lease space in buildings developed with EB-5 funding. USCIS continues to recognize that whether it is economically reasonable to attribute such "tenant-occupancy" jobs to the underlying EB-5 commercial real estate project is a fact-specific question. Each case filed will depend on the specific facts presented and the accompanying economic analysis.

USCIS is now moving forward with the adjudication of certain pending I-924 Applications For Regional Centers Under the Immigrant Investor Pilot Program that are supported by the "tenant-occupancy" economic methodology. Our newly-hired economists and business analysts will be bringing expertise to these new adjudications, and requests for evidence will be issued to certain applicants and petitioners to address any questions or issues we have about the economic methodologies employed in their specific cases. Our adjudications will continue to be made on a case-by-case basis and we do not intend to revisit factual findings. I-526 Immigrant Petitions by Alien Entrepreneurs and I-829 Petitions by Entrepreneurs to Remove Conditions will have predictability in connection with early regional center adjudications.

Our retention of experts with economic and business analysis expertise is part of our ongoing efforts to improve our administration of the EB-5 program. We are taking other steps to both improve the efficiency of the program as well as to ensure its integrity. We look forward to keeping you informed of these improvements.

We will keep you informed if we hear any further developments regarding this topic. Here is [the letter from USCIS](#).



Oakland Pursues EB-5 Funding for A's Ballpark, Waterfront Development



If the city of Oakland gets its way, the [New York City Regional Center](#) won't be the only organization seeking EB-5 money for a professional sports stadium.

[According to Mercury News](#), Oakland, California Mayor Jean Quan is already "wooing Chinese investors" with talk of financing a new waterfront ballpark for the Oakland A's. The so-called Victory Court Ballpark and Coliseum City project would include "hotels, a convention center, shops and new facilities for the Raiders and Warriors, as well as a ballpark alternative."

EB-5 visa investors wouldn't be the only source of financing for such an ambitious project but would serve as "a significant funding source."

A recent ruling by the California Supreme Court allowed the state to gain control of funds that the city otherwise would have used to re-develop the stadium and surrounding area. It was when Oakland learned it wouldn't get the money that city officials decided to go the EB-5 route.

Not without precedent

This wouldn't be the first time EB-5 project promoters solicited investments in a massive undertaking that involved construction of a professional athletics facility. The [controversial Atlantic Yards project](#) in New York City – an effort that has been about seven years in the making – is doing the same thing.

As part of a huge Brooklyn redevelopment initiative that includes a new arena for the New Jersey Nets as well as new skyscrapers, developer Forest City Ratner has sought \$249 million from Chinese EB-5 green card investors.

Of course, Oakland's project isn't Brooklyn's project. Instead of inciting local opposition, the push to develop the Victory Court ballpark and surrounding area [has received positive press](#), and many A's fans are delighting in the possibility of the team staying in Oakland. An earlier push by the team's majority owner [would have moved the A's](#) to San Jose.

But the EB-5 element is new to the project. Very little commentary is available about efforts to fund the new ballpark and surrounding area via EB-5 visa investments, although [one news source is skeptical](#).

The Mercury News article also mentioned other recent EB-5 projects in the San Francisco Bay Area. One of those was the Tribune Tower project, an \$8 million endeavor that involved the [San Francisco Bay Area Regional Center](#).



Artist's rendering of A's Victory Court ballpark, skyscraperpage.com



Oakland, CA Mayor Jean Quan

All of these projects, of course, are simply riding the larger trend of turning to foreign investors to finance development projects. According to [immigration attorney Ron Klasko](#), who was interviewed by Mercury News, EB-5 is "quite the rage within the development community" and the supply of qualified investors appears to be "unending."

If the Oakland project manages to use the sports connection to its advantage – something Atlantic Yards has done with great success – it could very well find the EB-5 visa program most advantageous.

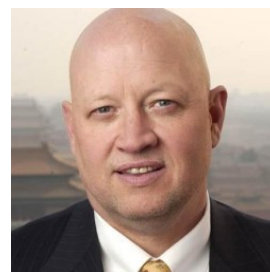
But in the end, it's all about job creation. As Mercury News reminds us, "If the jobs don't materialize within two years, [investors] don't get their green cards."

image credit: [The Infamous](#) & [Meeno Peluce](#)



Prominent Author Promotes EB-5 Visa Projects in China

Prominent journalist [James McGregor](#), author of [One Billion Customers: Lessons from the Front Lines of Doing Business in China](#) and the 2010 report [China's Drive for "Indigenous Innovation" – A Web of Industrial Policies](#) has been touring China discussing the U.S. economy and promoting EB-5 investments by the Midland Investment Group, a California based investment management company which is developing projects for [a regional center based in Oregon](#).



During his tour promoted by [Chinese Immigration migration broker CanAchieve](#), he mentions his experience:

I am a former president of the Sino-American Chamber of Commerce in the USA, I have good experience in China, known many people in China and I am very positive for EB-5 investment. I think that to the majority of Chinese investors, the United States is an opportunity not only for the U.S. government, the American people, but also for the investors, the EB-5 investment is a win-win opportunity.



We can say that now the risk is relatively small, because the U.S. economy is recovering, has come back from the bottom, the bubble economy in 2008, there have been many problems, now gradually has been restored. It can be said that now is a good chance to invest, because in the past 22 months, American jobs have increased by 3.2 million, so current investments will have good future returns."

There are many ways to consider EB-5 investment, but the most important thing we consider is what kind of company to deal with: are they law-abiding? Are they complying with government regulations and so on? For the addition of projects recommended by Midland, I have more confidence because I am familiar with their investment in Oregon, I believe they can do this project well.



One thing the Chinese agency fails to mention is whether Midland is associated with the Oregon Regional Center or Portland Regional Center. It also does not tell us which Oregon EB-5 projects Midland is promoting.

And since [USCIS does not release contact information on these EB-5 regional centers any more](#) for reasons we do not understand, we were not able to contact the centers to verify the Chinese reports for accuracy and cannot verify the accuracy of the above statements.

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James McGregor's bio: James McGregor is an American author, journalist and businessman who has lived in China for more than 20 years. He is a senior counselor for APCO Worldwide and a member of the firm's international advisory council. A professional speaker and CNBC commentator who specializes in China's business, politics and society, he regularly appears in the media to discuss China-related topics.



Immigrant Investors to Fund Wilmington, North Carolina Marina Project

If [a recent Greater Wilmington Business Journal report is any indication](#), it looks like the EB-5 program is making some headway on the North Carolina coast.

Working with investors in China, developer Chuck Schoninger has said he is nearly ready to begin construction on what will be the Northern Riverfront Marina and Hotel. Schoninger is the CEO of USA InvestCo, which owns 35 acres of riverfront property in Wilmington.



Artist's rendering of the Northern Riverfront Marina, Wilmington, NC

If he's successful in acquiring enough investment, Schoninger's company will begin building what he calls "one of the sexiest hotels out there," an add-on to the 11.75 acre marina that is already under construction.

Expanding outreach

Thus far, most of Schoninger's success with this project has come from his opening an office in Guangzhou, China last year. He is also looking into the possibility of adding new offices, one in Shanghai and one in Beijing. Establishing these offices comes, of course, in response to increased interest from investors looking into EB-5 visa projects.

Schoninger also has an office in the Republic of Kazakhstan where his company continues its efforts to raise funds for the marina effort.

The current project

Schoninger anticipates having all of the funding that he needs, an additional \$17 million, to finish the project by the second quarter of 2012. According to [the USA InvestCo Website](#), the marina will accommodate "up to 204 slips ranging in size from 40 to 100 feet."



The project site sits near the Wilmington Convention Center. Facilities will include a hotel from a yet-unnamed but, according to Schoninger, highly-respected brand, two restaurants, and the marina. Going forward, Schoninger's plans will largely be based on

the ability to raise the needed funds from immigrant investor capital, but he seems confident that everything is on track:

'We've been extremely successful in raising capital for this project,' Schoninger said. 'Our investors see the potential, and are ready to invest.'

According to Schoninger, further construction of a city riverwalk area complete with commercial development is in the cards as well. There has also been discussion of a new minor league baseball stadium nearby, although that project would depend on local government funding.

image credit: [USA Investco](#)



New England EB-5 Investments Attract Local Attention



Whittenton Mills in Taunton, MA, site of an EB-5-funded redevelopment

They may not be ski resorts, luxury hotels, or professional sports stadiums, but two EB-5 visa projects are turning heads in New England – at least at the local level.

In both [Massachusetts](#) and [Vermont](#), local news sources are covering progress at two relatively new EB-5-funded efforts. One involves redeveloping a piece of troubled real estate while the other, according to the community's NBC affiliate, is already helping one company introduce new products and enjoy renewed growth.

New life for an old industrial site?

According to the Taunton Daily Gazette in Taunton, Massachusetts, [at least 50 Chinese EB-5 investors are set to fund the redevelopment of Whittenton Mills](#), a long neglected industrial area.

The site consists of 42 acres that, in recent years, have been home to a number of flea market tenants. Other operations – most notably a mixed martial arts school and leather shop – have been caught renting space illegally, and the property is apparently becoming "a real thorn in the side" of the local fire department due to a high number of false alarms.

In January, multiple sprinkler pipes burst, destroying several flea market vendors' merchandise. To say the property is in poor condition would be a bit of an understatement.



Now the Shanghai-based investment firm Harmonia Capital is set to use \$25 million in EB-5 visa financing to construct "market-rate apartments, an assisted living facility and make repairs and improvements to existing structures for light-industrial tenants." It was

from Kao Li, the chief business advisor to at least one of Harmonia Capital's U.S. operations that the Taunton Daily Gazette learned the following details:

Li says the 350,000-square-foot Whittenton Mills project will consist of a modern assisted-living facility, an apartment complex with 150 market-rate, two-bedroom units and so-called mixed-use office and light-industrial usage.

He also says the jobs-creation aspect of the project should easily exceed the EB-5 requirement for 50 new jobs. Li foresees the eventual creation of at least 1,000 'direct and indirect' permanent jobs stemming from associated new business growth.

If Li's predictions come true, it would be an ambitious turn-around. It seems that the current owner of Whittenton Mills, David Murphy, has become a source of enormous frustration for the Taunton City Council.

After paying \$1.7 million for the property in 2005, a sour economy dashed Murphy's hopes for new housing and business development at the site, and his firm now owes the city back taxes and utility fees in excess of \$200,000. If the EB-5 program arrived to save the day, it couldn't have come at a better time for Murphy.

If the project ultimately succeeds, that is.

Power tools and job preservation

Less than a day's drive to the northwest, the town of Winooski, Vermont is celebrating what that state's governor, Peter Shumlin, calls "bringing innovation to products that are going to lead in markets around the world."

According to local NBC affiliate WPTZ, local manufacturer Country Home Products [is using EB-5 capital to retain its 200 employees](#). While the company hasn't actually used the new investment to add positions, CEO Joe Perrotto told the press that "the capital we've attracted" would not have been possible without EB-5 immigrant investor financing.

In January, Senator Patrick Leahy (D-VT) visited the Country Home facility to show his support for the business and advocate for the EB-5 program. As WPTZ explains it:

Sen. Leahy tried out a new high-speed log splitter the company developed with the money. He described it as incredibly smooth and efficient; just the kind of quality manufacturing customers should expect from American businesses,



and especially Vermont businesses, Leahy said.

The company makes wood chippers, stump grinders, mowers, chainsaws, and a whole host of other products for the DR Power Equipment line.

In Vermont, the state [reviews all proposed EB-5 projects](#) before any promoters push a private placement offering. This makes it "unlike most other regional center programs," according to Governor Shumlin.

image credit: [Mike Gay](#) & the [Office of Senator Patrick Leahy](#)



Revised Draft Policy Memorandum Guiding EB-5 Visa Adjudications



In response to last month's request for comments from EB-5 stakeholders on its most recent draft policy memorandum, USCIS has released a revised version. The following are Director Mayorkas's remarks that precede the modified document:

U.S. Citizenship and Immigration Services (USCIS) thanks stakeholders for providing comments to the draft policy memorandum we posted to address certain foundational issues in the EB-5 Program. In anticipation of tomorrow's "Conversation With The Director" [regarding the EB-5 Program](#), we have attached the revised draft policy memorandum that incorporates some of your comments. In tomorrow's Conversation, we will discuss the revised draft policy memorandum and seek to focus on certain important policy issues that we wish to further explore with you, including the issue of material change and how to most fairly and effectively address it in our EB-5 adjudications.

As we stated previously, the formulation of the guiding EB-5 policy memorandum is an iterative process, one in which we seek your input. The revised policy memorandum is a further step in the iterative process. Tomorrow's Conversation will be important in guiding our determination of how to most effectively address some of the more difficult issues in the policy memorandum development process. We can continue tomorrow's discussion in the broader EB-5 quarterly engagement scheduled for later this month.

We are working hard to enhance the EB-5 Program, including the issuance of policies that address developments in the use of the Program and carefully adhere to the governing statutes and regulations. Tomorrow, we will discuss our efforts to date, issues of importance to you, and the path ahead. We are dedicated to realizing the EB-5 Program's potential to create jobs for U.S. workers and to vigilantly protecting the Program's integrity.

Thank you.
Alejandro N. Mayorkas
Director
U.S. Citizenship and Immigration Services

Click here to see [the revised draft policy memorandum](#).



EB-5 Investment Coming to Banning, California

Village at Paseo, a planned retail development in Riverside County, California, is one step closer to becoming reality thanks to the recent acquisition of a large parcel of property.

The next step in this process will be securing the necessary financing necessary to begin the development phase. The development phase will



begin once the funding necessary for construction has been secured, at which time the developer can begin working on tenants for the property.

When asked about how this project would be funded, the owner, Arthur Pearlman, proudly announced the support of several investors. Pearlman has been working with both Chinese and Vietnamese investors who are interested in the EB-5 program. And since this project is located in a high unemployment area of Banning, California, it is said that investors will qualify for the \$500,000 investment threshold.

Issues involving TEAs, of course, have been the [subject of much debate](#) lately. The New York Times and others [have weighed in](#) on the issue, calling into question whether many of the areas came into being as a result of gerrymandering.

The Village at Paseo is currently estimated to create as many as 400 jobs, and the tax and fees should benefit the town of Banning as well.

The original plans for this project are promising, according to the developer. Current plans include a two-story facility with retail stores on one level and office space on the second level. Future plans include a second building that will house either additional office space or hotel rooms. While leases have yet to be signed, some significant anchors have expressed an interest in the project, including Chili's and Hampton Inn. Developers have approached several other prominent U.S. chain establishments as well.

The [American Redevelopment Regional Center](#) will handle fundraising for this project. It will need to raise a total of \$20.5 million through the EB-5 visa program to meet its funding goals.



Are you an EB-5 practitioner who would like to contribute an article?
Email Adam Green, Editor: adam@usadvisors.org
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