IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF FLORIDA WEST PALM BEACH DIVISION CASE No.

LAN LI, an individual; YING TAN, an individual; TAO XIONG, an individual; JUNQIANG FENG, an individual; RAN CHEN, an individual; XIANG SHU, an individual; HAO LOU, an individual; XIANG CHUNHUA, an individual; KUANG YAOPING, an individual; BEI ZHU, an individual; QIONG DENG, an individual; QIONGFANG ZHU, an individual; ZHILING GAN, an individual; CUILIAN LI, an individual; YULONG TANG, an individual; LILI ZHANG, an individual; SHUANGYUN WANG, an individual; WENHAO ZHANG, an individual; SHA SHI, an individual; LIYAN FENG, an individual; SHAOOING ZENG, an individual; MIN CUI, an individual; RUJI LI, an individual; OINGYUN YU, an individual; LING LI, an individual; YINGJUN YANG, an individual; BAOPING LIU, an individual; DAQIN WENG, an individual; XIAOPING ZHANG, an individual; SHAOPING HUANG, an individual; YI ZHAO, an individual; CHANGYUE LIU, an individual; YAJUN KANG, an individual; CHENGYU GU, an individual; YAN CHEN, an individual; DONGSHENG ZHU, an individual; RUJING WEI, an individual; ZHAOHUI LI, an individual; JUEWEI ZHOU, an individual; MIN LI, an individual; CHUNNING YE, an individual; HONGRU PAN, an individual; FENG GUO, an individual; ZHENG YU, an individual; TINGTING SUN, an individual; XIAO SUN, an individual; YAWEN LI, an individual; TONGHUI LUAN, an individual; LI ZHANG, an individual; YUANBO WANG, an individual; SHU JIANG, an individual; and YING FEI, an individual; LI DONGSHENG, an individual; MOHAMMAD ZARGAR, an individual; SHAHRIAR EBRAHIMIAN, an individual; REZA SIAMAK NIA, an individual; SARA SALEHIN, an individual; and SANAZ SALEHIN, an individual;

Plaintiffs,

JOSEPH WALSH, an individual; JOSEPH WALSH, JR., an individual; J. MARCUS PAYNE, an individual; DAVID DERRICO, an individual; SOUTH ATLANTIC REGIONAL CENTER, LLC, a Florida limited liability company; USREDA, LLC, a Delaware limited liability company; JJW CONSULTANCY, LTD., a foreign company; FANG CHENG, an individual; KEVIN WRIGHT, an individual; DAVID LEVINSON, an individual; **ROBERT MATTHEWS**, an individual; MARIA A/K/A MIA MATTHEWS, an individual; GERRY MATTHEWS, an individual; RYAN BLACK, an individual; PALM HOUSE, LLC, a Delaware limited liability company: 160 ROYAL PALM LLC, a Florida limited liability company; PALM HOUSE PB, LLC, a Florida limited liability company; MIRABIA, LLC, a Delaware limited liability company; BONAVENTURE 22, LLC, a Florida limited liability company; Alibi LLC, a Delaware limited liability company; Alibi LTD., a Cayman Islands company; NICHOLAS LAUDANO, an individual; NEW HAVEN CONTRACTING SOUTH, INC., a Florida corporation; BOTTICELLI ADVISORS, LLC, a Florida limited liability company; NJL DEVELOPMENT GROUP LLC, a Delaware limited liability company; ALI HERISCHI, an individual; HERISCHI & ASSOCIATES LLC, a Maryland limited liability company; ALI SOLTANI, an individual; WASHINGTON MARKETING, LLC, a Maryland limited liability company; LESLIE ROBERT EVANS, an individual; LESLIE ROBERT EVANS & ASSOCIATES, P.A., a Florida professional association: KK-PB FINANCIAL, LLC, a Florida limited liability company; and

PALM HOUSE HOTEL, LLLP, a Florida limited liability limited partnership;

Defendants.

<u>COMPLAINT SEEKING DAMAGES AND PRELIMINARY AND PERMANENT</u> <u>INJUNCTIVE RELIEF</u>

Plaintiffs, LAN LI, YING TAN, TAO XIONG, JUNOIANG FENG, RAN CHEN, XIANG SHU, HAO LOU, XIANG CHUNHUA, KUANG YAOPING, BEI ZHU, OIONG DENG, QIONGFANG ZHU, ZHILING GAN, CUILIAN LI, YULONG TANG, LILI ZHANG, SHUANGYUN WANG, WENHAO ZHANG, SHA SHI, LIYAN FENG, SHAOOING ZENG, MIN CUI, RUJI LI, QINGYUN YU, LING LI, YINGJUN YANG, BAOPING LIU, DAQIN WENG, XIAOPING ZHANG, SHAOPING HUANG, YI ZHAO, CHANGYUE LIU, YAJUN KANG, CHENGYU GU, YAN CHEN, DONGSHENG ZHU, RUJING WEI, ZHAOHUI LI, JUEWEI ZHOU, MIN LI, CHUNNING YE, HONGRU PAN, FENG GUO, ZHENG YU, TINGTING SUN, XIAO SUN, YAWEN LI, TONGHUI LUAN, LI ZHANG, YUANBO WANG, SHU JIANG, YING FEI, and LI DONGSHENG (collectively, the "Chinese Victims"), along with MOHAMMAD ZARGAR, SHAHRIAR EBRAHIMIAN, REZA SIAMAK NIA, SARA SALEHIN and SANAZ SALEHIN (collectively, the "Iranian Victims") (collectively, the Chinese Victims and Iranian Victims will be referred to as the "Plaintiffs"), file this Complaint Seeking Damages and Preliminary and Permanent Injunctive Relief and sue Defendants, JOSEPH WALSH, JOSEPH WALSH, JR., J. MARCUS PAYNE, DAVID DERRICO, SOUTH ATLANTIC REGIONAL CENTER, LLC, USREDA, LLC, JJW CONSULTANCY, LTD., FANG CHENG, KEVIN WRIGHT, DAVID LEVINSON, ROBERT MATTHEWS, MARIA A/K/A MIA MATTHEWS, GERRY MATTHEWS, RYAN BLACK, PALM HOUSE LLC, 160 ROYAL PALM LLC, PALM HOUSE PB, LLC, MIRABIA, LLC, BONAVENTURE 22, LLC, ALIBI LLC, ALIBI LTD., NICHOLAS LAUDANO, NEW HAVEN CONTRACTING SOUTH, INC., BOTTICELLI ADVISORS, LLC, NJL DEVELOPMENT GROUP LLC, ALI HERISCHI, HERISCHI & ASSOCIATES LLC, ALI SOLTANI, WASHINGTON MARKETING, LLC, and KK-PB FINANCIAL, LLC (collectively, the "<u>Bad Actors</u>"), along with LESLIE ROBERT EVANS, LESLIE ROBERT EVANS & ASSOCIATES, P.A., and PALM HOUSE HOTEL, LLLP (collectively, the Bad Actors, Leslie Robert Evans, Leslie Robert Evans & Associates, P.A., and Palm House Hotel, LLLP shall be referred to as the "<u>Defendants</u>"), and allege:

INTRODUCTION

1. Plaintiffs are the victims of a \$50,000,000 fraud, theft, and conspiracy, in which a web of individuals, primarily based in Palm Beach County, Florida, preyed on foreign nationals desirous of leaving foreign countries, such as China and Iran, to provide their families with the opportunity for a better life in the United States through the EB-5 program.

2. The Bad Actors conspired to fraudulently induce Plaintiffs to each invest \$500,000, plus a \$40,000 "administrative fee," into a purported Palm Beach real estate project, known as the "Palm House Hotel" which, in reality, was nothing more than a façade pursuant to which Plaintiffs' funds were stolen and distributed among the conspirators.

3. Plaintiffs' funds were supposed to be held in an escrow account unless and until their I-526 immigration petitions were approved by the United States government.

4. If and when Plaintiffs' I-526 petitions were approved, the funds were only supposed to be used to create at least 10 full-time jobs for qualifying U.S. workers, in this case by:

- (a) finishing the renovation and development of an existing luxury hotel structure in Palm Beach;
- (b) serving Palm Beach County by seeking to create jobs and increase U.S. exports by developing an upscale resort hotel; and

- (c) creating at least 790 direct and indirect jobs to support the EB-5 guidelines and the number of investors sought.
- 5. However, Plaintiffs' funds were not held in the escrow account. Instead, contrary

to all of the written and oral representations, Plaintiffs' funds were improperly transferred from the escrow account to other accounts and pillaged for the personal pleasure of the conspirators.

6. Virtually none of Plaintiffs' funds were used develop the property, no jobs were created, and no EB-5 visas were issued to any of the Plaintiffs. Accordingly, over 80 foreigners are now unable to leave their respective countries and have lost their entire lifesavings.

- 7. Instead, the Bad Actors stole Plaintiffs' funds and used them to:
- (a) purchase multiple homes, investment properties, a 151 foot yacht that cost almost \$6,000,000, payoff millions of dollars of personal debt (including more than \$266,000 in personal back taxes), luxury cars, vacations, and other accoutrements of a life of luxury;
- (b) grease all the wheels that furthered the criminal scheme, including using licensed attorneys who held a fiduciary duty to help fraudulently induce investments.

8. Adding insult to grave injury, the Bad Actors have kept Plaintiffs in the dark, engaging in a practice of lulling, and have used the legal system to placate Plaintiffs and to cover up their conduct by bringing neutered, passive claims against one another and not seeking criminal prosecution. While this may give the appearance -- to the press and to the courts -- that justice is being pursued, in reality the legal "actions" have done nothing to right the wrongs or return the funds, and are being controlled by the Bad Actors using the stolen funds of the EB-5 investors. As a result, these actions, purportedly to help and on behalf of the victims, have actually hurt them and served as obstacles to their attempts to obtain visas, discover what happened, and ultimately seek redress. Meanwhile the legal "actions" have resulted in almost no action whatsoever -- no criminal prosecutions, no asset forfeitures, and no meaningful injunctions.

9. These legal "actions" have served to perpetuate the criminal scheme, whereby the Bad Actors have shamelessly boxed out the victims while they continue to dissipate the assets and have the legal claims relating to their criminal conduct adjudicated on the merits. Upon information and belief, the Bad Actors are in the process of negotiating a final distribution of Plaintiffs' stolen funds among themselves, with the end game of representing such an agreement as a "mediation settlement" of all the claims.

10. Plaintiffs come to this Court, with clean hands, seeking assistance in their pursuit for redress, justice, and the cessation of Defendants' continued use of their stolen funds.

11. Plaintiffs, the true victims, now ask the Court, among other things, to immediately enter injunctions freezing and preserving what remains of their funds, dissolve and pierce the limited partnership and any other entities that have been or continue to be used to perpetrate fraud on Plaintiffs and others, and to enter all appropriate orders so that they can pursue their rights against all persons that received the stolen funds, benefited from the stolen funds, and/or actively conspired with or aided and abetted those that did.

- 12. The fraudulent scheme operated as follows:
- (a) The Bad Actors preyed on Chinese and Iranian investors seeking a path to United States residency for themselves and their minor children.
- (b) The Bad Actors fraudulently obtained \$500,000, plus \$40,000 in administrative fees, from each foreign investor through the sale of alleged equity interests in Palm House Hotel, LLLP, a Florida limited liability partnership that would be involved in the development of the Palm House Hotel, claiming that the investment would qualify them under the EB-5 program administered by United States Citizenship and Immigration Services.
- (c) The Bad Actors materially, indeed crucially, represented, among other things, that:
 - (i) There was a 100% guaranty for the return of Plaintiffs' investment and fees in the event their I-526 petition is denied;

- (ii) 100% of Plaintiffs' funds would be held in escrow until their Form I-526 immigration petitions were approved by the United States government;
- (iii) A "limited number" of 79 equity interests would be sold in Palm House Hotel, LLLP at the price of \$500,000 each, plus \$40,000 in administrative fees;
- (iv) Plaintiffs' funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish the renovation and development, which was near completion;
- (v) The Palm House Hotel would be open for business by the "Season" of 2013/2014, and was 80-90% completed prior to Plaintiffs' investments;
- (vi) The funds would create 930 jobs, more than the required 790 fulltime jobs for the offering;
- (vii) Plaintiffs' funds would be the third and final source of funds. The EB5 funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan (by a bank that had done full due diligence justifying such a loan) in excess of \$29,000,000. Accordingly, Plaintiffs' funds constituted less than 50% of the project funding;
- (viii) Plaintiffs' funds would be held in escrow, and were not yet needed, because the developer's investment in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 was being used for construction and renovation;
- (ix) Plaintiffs' funds would not be taken from the escrow account, and would not be used, unless and until the developer's investment in excess of \$22,000,000 and the bank funds in excess of \$29,000,000 had been used at the project;
- (x) The real property at issue was currently worth \$110,000,000-\$137,000,000 (the current value representation varied, depending on what the Bad Actors believed a particular Plaintiff wanted to hear) before completion, which made the investment "one of the safest EB-5 offerings from a Job Creation and Investment position."
- (vii) I-526 immigration petitions for the Palm House Hotel project had already been approved by the United States government for the initial investors;

- (viii) An insurance policy was purchased by the Developer that guaranteed that construction of the Palm House Hotel project would be completed;
- (ix) The local government guaranteed that construction of the Palm House Hotel project would be completed, and that this would be the last 5-star hotel property they would allow on Palm Beach;
- (x) The developer, Robert Matthews, was a famous real estate developer in the United States;
- (xi) Each investor's investment would be fully secured by the real property at issue and by the State of Florida pursuant to a UCC form. As there would be 79 rooms and 79 investors, each investor would be given a UCC security interest in an individual room; and
- (xii) Donald Trump and Bill Clinton would serve on the Palm House Hotel advisory board and would assist with any issues related to construction and also play a key role in recruiting celebrities and dignitaries to the club. Celebrities such as Tony Bennett, Celine Dion, Bill Koch, and Eric Schmidt were already members of the hotel club.
- (e) The Bad Actors targeted investors with children between the ages of 18 and 21 because, under the EB-5 program, applicants have the right to apply for a green card for themselves, their spouse, and unmarried children under 21. Once the investor's funds were stolen and time continued to pass without the issuance of an I-526 petition approval, the Bad Actors would use the fact that the investor's child had "aged out" to silence the investor, perpetrate the continuing fraud, and prevent the investor from seeking redress or judicial assistance. The Bad Actors threatened the investors that, if the Palm House Hotel investment was interfered with or terminated, because the investor's child was no longer under 21, they would no longer be able to obtain a green card through their parent and would need to obtain their own EB-5 visa through at an additional cost of \$500,000.
- (f) As to any Plaintiff brave enough to question or demand the return of their investment, they were fraudulently told that all was well, that additional appeals of the application process were in place, that the country's foremost immigration attorney had been hired to prosecute the appeals, and that all was well with the construction of the hotel, thereby further lulling Plaintiffs and falsely allowing the Bad Actors to deny any rights to reimbursement. In truth, of course, the money was gone, no jobs were created, the federal government had closed the appeals, the immigration attorney was not retained to prosecute any appeals, the I-526 immigrant petitions were never issued, and the list of lies is virtually endless.

13. The representations made to induce Plaintiffs' investments into the Palm House Hotel project were mostly lies, calculated to induce investments by needy, trusting, unsuspecting foreigners with \$500,000 seeking to send their children to the United States for an education and the opportunity to pursue a life with more opportunities than those afforded to them in China and Iran.

14. The 100% guaranty was not worth the paper it was printed on. Plaintiffs' I-526 petitions were all denied, yet their funds were never returned.

15. Instead of holding Plaintiffs' funds in escrow until their Form I-526 immigration petitions were approved, the funds were immediately stolen, distributed among the conspirators, and used for their self-indulgences.

16. The conspirators did not sell 79 purported equity interests in Palm House Hotel, LLLP. Despite registering this offering for only 79 units, they perpetrated this fraud on over 90 unsuspecting foreign investors (it is not known whether the scheme is continuing).

17. Plaintiffs' funds were not exclusively used to help finish the renovation and development of the Palm House Hotel. Instead the funds were used for unlawful purposes.

18. The hotel was nowhere near completion, let alone anywhere close to capable of being open for business by the "Season" of 2013/2014. As of the filing of the Complaint, it remains a dangerous nuisance and a desolate construction wasteland, accruing fines of \$2,000 per day from the Town of Palm Beach.

19. Plaintiffs' funds were not used to create 10 full-time jobs for each \$500,000 advanced, which was the only purpose for the funds to come to the United States. Further, the fact that at least 93, as opposed to 79 interests were sold, prevented that from occurring even if the project was not a complete charade.

20. Plaintiffs' funds were not in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000, so that Plaintiffs' funds constituted less than 50% of the project funding. There was no bank loan, there was no developer's equity, and there was no other source of funds.

21. The real property was not worth \$110,000,000-\$137,000,000. Indeed, the property had been purchased out of foreclosure for \$10,000,100, and was recently described by a court-appointed receiver as "circling the drain."

22. No investor's I-526 immigration petition for the Palm House Hotel project was ever approved by the United States government. While the Bad Actors had provided a written notice of approval for the project, the notice was fraudulent and did not relate to the Palm House Hotel project.

23. There was no insurance policy that guaranteed the completion of construction of the Palm House Hotel project. The Bad Actors had fraudulently represented that certain documentation was an American surety bond guaranteeing performance when, in reality, it was not.

24. The local government never guaranteed the completion of construction of the Palm House Hotel or certified it as a 5-star property. Instead, the local government was imposing significant fines against the property.

25. Robert Matthews is not a famous real estate developer in the United States.

26. Each investor's investment was not fully secured by the real property or the State of Florida. In fact, a secret, unrecorded mortgage in the amount of \$27,468,750 was granted to the prior developer of the project in August 2013, which was not recorded until March 28, 2014 - - seven (7) months after it was granted -- and after almost all Plaintiffs had undertaken their due

diligence and wired their investments for the project. A mortgage to secure Plaintiffs' interest in the real property was not recorded until October 2014, after whatever equity existed in the project had been subsumed by the prior developer's secret mortgage.

27. Bill Clinton and Donald Trump are not on the Palm House Hotel advisory board, and there is no such board.

PARTIES, JURISDICTION, AND VENUE

28. This action involves, among other things, common law and securities fraud, theft, conspiracy, breach of fiduciary duty, and racketeering that was perpetrated on Plaintiffs to obtain each of their investments and "administrative fees" of \$500,000 and \$40,000, respectively.

29. This action also relates to the unlawful conduct of additional defendants who, among other things, (i) aided and abetted the primary wrongdoers in their acts of fraud and theft from Plaintiffs; (ii) were unjustly enriched by their unauthorized receipt of Plaintiffs' funds; (iii) were the recipients of fraudulent transfers; or (iv) were otherwise independently engaged in unlawful acts.

30. Plaintiffs are foreign nationals that were fraudulently induced to each invest \$500,000, plus \$40,000 in administrative fees, based on the representations made by Joseph Walsh, Joseph Walsh, Jr., J. Marcus Payne, Kevin Wright, David Levinson, Robert Matthews, South Atlantic Regional Center, LLC, USREDA, LLC, JJW Consultancy Ltd., Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC.

31. Palm House Hotel, LLLP ("<u>Palm House</u>") is a Florida limited liability limited partnership with its principal place of business in Palm Beach County, Florida. Plaintiffs were fraudulently induced to each invest \$500,000 into Palm House in exchange for an interest, the false promises of United States EB-5 visas, and the ultimate return of their investment, with interest.

32. Joseph Walsh ("<u>Walsh</u>") is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Walsh served as a general partner of Palm House until July 2016, and owns and/or operates and/or controls South Atlantic Regional Center, LLC and USREDA, LLC. Upon information and belief, Walsh was the criminal mastermind behind the Palm House Hotel fraudulent scheme, and organized all the players and their respective roles. Walsh and his accomplices made material, false representations to Plaintiffs that induced them to provide and continue with their investments. Further, Walsh arranged to provide legal services, through his company USREDA, to Plaintiffs in connection with the processing of their EB-5 visa applications. This served several purposes for the Bad Actors. It provided a lawyer's blessing to all of the documentation, and ensured that outside lawyers would not be hired by the non-English speaking investors.

33. Joseph Walsh, Jr. ("<u>Walsh Jr.</u>") is an individual who resides in Palm Beach County, Florida, and is otherwise *sui juris*. Walsh Jr. is the son of Walsh and owns and/or operates and/or controls South Atlantic Regional Center, LLC, USREDA, LLC, and JJW Consultancy, Ltd. Walsh Jr. and his accomplices made material, false representations to Plaintiffs that induced them to provide and continue with their investments. As of the filing of this Complaint, Walsh Jr. continues to make such misrepresentations.

34. J. Marcus Payne ("<u>Payne</u>") is an individual who, upon information and belief, resides in Canada and is otherwise *sui juris*. Payne is an attorney, served as a general partner of Palm House until July 2016, and owns and/or operates and/or controls South Atlantic Regional Center, LLC and USREDA, LLC. Payne and his accomplices made material, false representations to Plaintiffs that induced them to provide their investments. Payne is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a

business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

35. David Derrico ("<u>Derrico</u>") is an individual who resides in Palm Beach County, Florida, and is otherwise *sui juris*. Derrico was the attorney for Walsh, Walsh Jr., SARC and USREDA, and helped draft the fraudulent documentation used in the scheme.

36. South Atlantic Regional Center, LLC ("<u>SARC</u>") is a Florida limited liability company with its principal place of business in Palm Beach County, Florida. SARC is a regional center approved by the United States Citizenship and Immigration Services ("<u>USCIS</u>"). Walsh, Walsh Jr., and Payne represented to Plaintiffs that SARC was the general partner of Palm House (it was not). SARC made material, false representations to Plaintiffs that induced them to provide their investments. SARC was intended to, and did, influence Plaintiffs to trust and rely upon it rather than hire outside advisors who might ask difficult questions, make difficult demands, or discover the fraudulent scheme that was being perpetrated.

37. USREDA, LLC, is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida ("<u>USREDA</u>"). USREDA acted as a law firm and contracted to provide legal immigration services to the Chinese Victims regarding the EB-5 Visa program. USREDA guaranteed the approval of any I-526 application it completed and the return of all service fees in the event of denial. USREDA made material, false representations to the Chinese Victims that induced them to provide their investments. USREDA was intended to, and did, influence the Chinese Victims to trust and rely upon it rather than hire outside advisors and attorneys who might ask difficult questions, make difficult demands, or discover the fraudulent scheme that was being perpetrated. 38. JJW Consultancy, Ltd. is a foreign entity through which Walsh and Walsh, Jr. made material, false representations to the Chinese Victims that induced them to provide and continue with their investments. JJW Consultancy, Ltd. is subject to personal jurisdiction in Florida because it operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida and/or operated merely as a corporate front for the fraudulent actions of Walsh and Walsh Jr.

39. Fang Cheng ("<u>Cheng</u>") is an individual who, upon information and belief, resides in Hong Kong, and is otherwise *sui juris*. Cheng works for Walsh and Walsh Jr., and her job is to fraudulently induce Chinese investors into their EB-5 investment schemes. Cheng made substantial material, false representations that were integral in inducing the Chinese Victims to provide their investments. Cheng is subject to personal jurisdiction in Florida because she operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

40. Kevin Wright ("<u>Wright</u>") is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Wright served as a key agent for Walsh, Walsh Jr., Payne, South Atlantic Regional Center, LLC, USREDA, LLC, and Robert Matthews, making substantial material, false representations that were integral in inducing the Chinese Victims to provide and continue with their investments. Wright proclaims to be a professional EB-5 program writer and economic analyst, having completed over 650 business plans and 500 economic impact studies, with a 100% USCIS approval success rate. Wright, among others, was brought into the scheme to add credibility, as the investors were told that

Wright was an established, well-known EB-5 economist. Wright is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

41. David Levinson ("<u>Levinson</u>") is an individual who, upon information and belief, resides in California, and is otherwise *sui juris*. Levinson served as a key agent for Walsh, Walsh Jr., Payne, South Atlantic Regional Center, LLC, USREDA, LLC and Robert Matthews, making substantial material, false representations that were integral in inducing the Chinese Victims to provide their investments. Levinson speaks fluent Chinese and was the "mouthpiece" for many of the fraudulent statements made to the Chinese Victims. Levinson is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

42. Ali Herischi is an internationally recognized attorney, frequently appears on international television to discuss Iranian politics and issues relating to political refugees and, upon information and belief, resides in Bethesda, Maryland, and is otherwise *sui juris*. Mr. Herischi and his law firm, Herischi & Associates LLC, served as a key agent for Walsh, Walsh Jr., Payne, South Atlantic Regional Center, LLC, and USREDA, LLC, and Robert Matthews, making substantial material, false representations that were integral in inducing the Iranian Victims to provide and continue their investments¹. Mr. Herischi speaks fluent Farsi and was the "mouthpiece" for the fraudulent statements made to the Iranian Victims. Mr. Herischi gave presentations on the Palm House Hotel project, strongly dissuaded the Iranian Victims from

¹ During the period in which Herischi was promoting and soliciting investors for the Palm House Hotel project, his office voicemail message, in Farsi, said: "You have reached the Palm House Hotel project, please leave your name, message, and phone number and we will call you back as soon as possible."

pursuing other investment opportunities, and assured the Iranian Victims that the project was legitimate. In exchange for his delivery of the Iranian Victims into the fraudulent scheme, Mr. Herischi and his law firm received, among other things, an undisclosed secret kickback of \$40,000 per investor. Mr. Herischi later admitted his involvement in a letter. Mr. Herischi and his law firm, Herischi & Associates LLC, are subject to personal jurisdiction in Florida because they operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state.

43. Ali Soltani is an individual who, upon information and belief, resides in Washington, DC, and is otherwise *sui juris*. Soltani worked for Ali Herischi, as his business development manager, and made substantial material, false representations that were integral in inducing the Iranian Victims to provide their investments. Soltani also travelled to Iran to meet with the Iranian Victims in furtherance of inducing them to make their investments in the Palm House Hotel project. Soltani is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state and/or is engaged in substantial and not isolated activity within the State of Florida.

44. Washington Marketing, LLC is a Maryland limited liability company that was used by Walsh, Walsh Jr., Payne, South Atlantic Regional Center, LLC, Ali Herischi and Ali Soltani to defraud the Iranian Victims. Upon information and belief, this entity was used to funnel the secret, undisclosed kickbacks of \$40,000 per investor that were paid to Ali Herischi and his law firm, Herischi & Associates LLC, for each Iranian Victim that they delivered into the Palm House Hotel fraud. Washington Marketing, LLC is subject to personal jurisdiction in Florida because it operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state.

45. Palm House, LLC is a Delaware limited liability company that was formed to complete the renovations and development of the Palm House Hotel. Upon approval of Plaintiffs' Form I-526 immigration petitions, Palm House was supposed to loan Plaintiffs' money to Palm House LLC so that it could complete the development of the hotel and pay off the purported \$29,000,000 bank loan. In return, Palm House was supposed to obtain a first mortgage on the real property that fully secured the debt.

46. Robert Matthews is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Robert Matthews represented himself as the developer of the Palm House Hotel project, and claimed to be in charge of Palm House, LLC and the construction and renovation of the Palm House Hotel. Robert Matthews stole several million dollars of Plaintiffs' money, using it to purchase real property and a 151' yacht with his wife (which he named ALIBI), among other things. Robert Matthews met with the Chinese Victims' immigration agents in Palm Beach, and helped induce the Chinese Victims to provide their investments.

47. Maria a/k/a Mia Matthews is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Maria a/k/a Mia Matthews is the wife of Robert Matthews and, along with him, stole several million dollars of Plaintiffs' money, using it to purchase a 151' yacht, among other things. Maria a/k/a Mia Matthews met with the Chinese Victims' immigration agents in Palm Beach, and helped induce the Chinese Victims to provide their investments.

48. Gerry Matthews is an individual who, upon information and belief, resides in Connecticut, and is otherwise *sui juris*. Gerry Matthews is the brother of Robert Matthews, an owner of Palm House LLC, and was instrumental in allowing Robert Matthews to access and steal several million dollars of Plaintiffs' money. Gerry Matthews is subject to personal jurisdiction in Florida because he operated, conducted, engaged in, or carried on a business or business venture in this state and/or committed a tortious act within this state.

49. Ryan Black is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Ryan Black is/was an owner of Palm House LLC. Upon information and belief, Ryan Black was involved in the conspiracy to steal millions of dollars of Plaintiffs' money.

50. 160 Royal Palm LLC is a Florida limited liability company and the owner of the real property located at 160 Royal Palm Way, Palm Beach, Florida, upon which the Palm House Hotel is located. This company is owned entirely by Palm House, LLC, which purchased the membership interests from Glenn Straub in 2013. As consideration, 160 Royal Palm LLC granted a \$27,468,750 mortgage to Straub's entity, Defendant KK-PB Financial LLC, which was kept secret and not recorded until March 28, 2014, after most of the Plaintiffs had conducted their due diligence and made their investments.

51. Palm House PB, LLC is a Florida limited liability company that, upon information and belief, was formed for the purpose of hiding and stealing Plaintiffs' money. One or more bank accounts were opened in the name of Palm House PB, LLC, and Plaintiffs' stolen money was transferred to such accounts and then used to purchase a 151 foot yacht, among other things.

52. Mirabia, LLC, is a Delaware limited liability company. Upon information and belief, Robert Matthews used this entity to hide and steal Plaintiffs' money and to purchase investment property near the Palm House Hotel.

53. Bonaventure 22, LLC is a Florida limited liability company that, upon information and belief, Maria a/k/a Mia Matthews used to hide and steal Plaintiffs' money.

54. Alibi Ltd. is a Cayman Islands company and Alibi LLC is a Delaware limited liability company. Maria a/k/a Mia Matthews used these companies to hide and steal Plaintiffs' money and to purchase a 151' yacht that cost approximately \$6,000,000.

55. Leslie Robert Evans is an attorney based in Palm Beach, Florida. Mr. Evans and his law firm, Leslie Robert Evans & Associates, P.A. (together, the "Evans Defendants"), accepted a transfer of Plaintiffs' funds into their trust account after they were stolen from the escrow account at PNC Bank. The Evans Defendants then distributed Plaintiffs' funds to persons and accounts selected by the conspirators, and paid themselves compensation to do so.

56. Nicholas Laudano ("<u>Laudano</u>") is an individual who, upon information and belief, resides in Palm Beach County, Florida, and is otherwise *sui juris*. Laudano held himself out as the general contractor on the Palm House Hotel project, and entered into a construction contract to build the project. Laudano runs two (2) pizza restaurants, and is not a licensed general contractor. Laudano received and accepted Plaintiffs' stolen funds, and aided and abetted Robert Matthews and Maria a/k/a Mia Matthews in their theft of millions of dollars of Plaintiffs' money.

57. New Haven Contracting South, Inc., is a company owned and operated by Laudano, and entered into a construction contract to build the Palm House Hotel project. Laudano used this entity to receive, accept, and steal millions of dollars of Plaintiffs' money.

58. NJL Development Group, LLC and Botticelli Advisors, LLC are entities that Laudano used to steal Plaintiffs' money for the purpose of purchasing a mansion in Connecticut on behalf of and/or for the benefit of Robert Matthews and Maria a/k/a Mia Matthews. Botticelli Advisors, LLC is a Florida limited liability company and the managing member of NJL Development Group, LLC, a Delaware limited liability company.

59. KK-PB Financial, LLC is a Florida limited liability company owned and/or controlled by Glenn Straub, the former owner of 160 Royal Palm LLC, which owns the real property on which the Palm House Hotel is located. Mr. Straub sold his interest in 160 Royal Palm LLC in August 2013 of \$10.00 USD, and received a mortgage for \$27,468,750 in favor of KK-PB Financial, LLC, as consideration. However, KK-PB Financial, LLC did not record its mortgage until seven (7) months later, on March 28, 2014, which created the façade that the real property was unencumbered by such a debt and that Plaintiffs would, indeed, obtain a first mortgage on the real property that fully secured their investment once the purported bank loan was paid off. Further, KK-PB Financial, LLC improperly benefited from the scheme by receiving transfers of Plaintiffs' stolen money.

60. As described above, this Court has personal jurisdiction over Defendants because they participated in tortious acts directed towards Florida, do sufficient business in Florida, have sufficient minimum contacts with Florida, and/or otherwise intentionally avail themselves of the Florida consumer market through the promotion of their services. This purposeful availment renders the exercise of jurisdiction by this Court over Defendants permissible under traditional notions of fair play and substantial justice.

61. Claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the

SEC, 17 C.F.R. §240.10b-5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act, 15 U.S.C. §78aa.

62. The Court also has jurisdiction under the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1962, and supplemental state law jurisdiction.

63. In connection with the conduct alleged herein, the Bad Actors, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to the United States mails and interstate telephone communications.

64. Venue is proper in this forum pursuant to 28 U.S.C. § 1391, 15 U.S.C. §78aa, and 18 U.S.C. §1965 because a substantial part of the acts, transactions, and events giving rise to the claims occurred, and a substantial part of property that is the subject of the action is situated, in Palm Beach County, Florida. Additionally, SARC, USREDA, Walsh, Walsh Jr., Robert Matthews, Maria a/k/a Mia Matthews, and Laudano are residents of Palm Beach County, Florida, and transact business in Palm Beach County, Florida, and the other individual Defendants either reside in Palm Beach County, Florida, transacted in substantial business activities in Palm Beach County, Florida, or had an agent in Palm Beach County, Florida.

65. With the exception of service of the civil theft demand letter necessary for treble damages in connection with a civil theft damages claim, all conditions precedent to this action have been performed, have occurred or have been waived. Plaintiffs reserve the right to amend this complaint to seek treble damages after the requisite period of time has passed with respect to their civil theft demand letter pursuant to Chapter 772 of the Florida Statutes.

66. Plaintiffs have retained the undersigned counsel to represent them in this action and have agreed and obligated to pay a reasonable fee for their services.

GENERAL ALLEGATIONS

EB-5 Visa Program in General

67. The Immigrant Investor Program, more commonly known as the EB-5 program, was created by the Immigration Act of 1990. Congress established the EB-5 program to stimulate the U.S. economy by giving immigrant investors the opportunity to permanently live and work in the United States after they have invested in a new commercial enterprise ("<u>NCE</u>"). In the case of an NCE that is located in a Targeted Employment Area ("<u>TEA</u>"), *i.e.*, either a rural area or an area beset by high unemployment, the required equity investment need only be \$500,000.

68. In 1993, Congress created the Immigrant Investor Pilot Program to increase interest in the EB-5 visa program. This new pilot program established EB-5 Regional Centers ("<u>Regional Centers</u>"), which are entities that receive special designation from the United States Citizenship and Immigration Services ("<u>USCIS</u>") to administer EB-5 investments and create jobs. Public and private entities may apply to the USCIS for approval as an EB-5 Regional Center.

69. EB-5 visa programs administered by a Regional Center provide more flexibility, because the immigrant investor who invests in such a program is permitted to take credit not only for direct jobs created in the NCE but also "indirect jobs" created outside the NCE in a job creating enterprise ("JCE"), such as a construction contracting firm that builds an improvement for the NCE. In addition, the immigrant investor need not handle the day-to-day management of the NCE or even necessarily live in the region where the NCE is located.

70. By necessity, investments into an EB-5 program are "closed-ended," available only to a specified number of investors, and that number is tied to the number of direct or

indirect jobs created by the investment. If too few jobs are created with the money invested, the immigrant will not be able to become a permanent resident in the United States.

EB-5 Practice and Procedure

71. Under the EB-5 program, the immigrant investor first applies for an immigrant visa by submitting a Form I-526, Immigrant Petition for Alien Entrepreneur. USCIS' approval of the Form I-526 is conditioned upon the immigrant's investment of the requisite amount of money in an NCE that satisfies the applicable legal requirements. Upon approval of the Form I-526 petition, the immigrant investor may either: (1) file the appropriate form to adjust their status to a conditional permanent resident within the United States; or (2) file an application to obtain an EB-5 visa for admission to the United States. Upon the approval of the application or upon entry into the United States with an EB-5 immigrant visa, the EB-5 investor and derivative family members will be granted conditional permanent residence for a two-year period.

72. To remove the conditional resident status, the immigrant investor must file a Form I-829, Petition by Entrepreneur to Remove Conditions, ninety days before the two-year anniversary of the granting of the EB-5 investor's conditional resident status. USCIS' approval of the Form I-829 is conditioned upon proof that the immigrant investor's investment has created at least ten full-time jobs in the NCE or JCE. If an insufficient number of jobs was created, the foreign national is subject to removal from the United States.

EB-5 Program at the Palm House Hotel

73. SARC held itself out as an EB-5 Regional Center, headquartered in Palm Beach County, Florida, and claimed to specialize in investment-based immigration services.

74. SARC was approved by USCIS to serve as a Regional Center, which allowed EB-5 investors to take credit for direct and indirect jobs and not be involved in the day-to-day operation of the NCE.

75. SARC was operated and controlled by Walsh, Walsh, Jr., and Payne.

76. USREDA was an entity that claimed to specialize in providing legal immigration services regarding the EB-5 Visa program, held itself out as a law firm, and required clients to sign engagement letters for its services. It charged clients \$15,000.00 USD to file a 526 petition and an additional \$5,000.00 USD to file an 829 petition.

77. USREDA was operated and controlled by Walsh, Walsh, Jr., and Payne.

78. SARC, USREDA, Walsh, Walsh Jr., Payne, and Robert Matthews retained Levinson and Wright to help them sell the Palm House Hotel fraud to the Chinese Victims.

79. Levinson is experienced in EB5 marketing and is fluent in Chinese, including the various accents used in certain provinces. Levinson understands the Chinese culture, the Chinese investment process, and the various investment features and safeguards that Chinese investors typically seek when making investments. Levinson used this knowledge and his sales skills to help swindle the Chinese Victims. Levinson also hosted potential investors in Florida and provided tours of the Palm House project.

80. Wright is known in China as an exceptional EB-5 economist, and someone that has been instrumental in the approval of many EB-5 programs. Wright does not speak Chinese, and his statements were translated to the Chinese Victims by Levinson and others. In his presentations, Wright used his experience and reputation to give his strong endorsement to the Palm House Hotel project, Walsh and his accomplices, and Robert Matthews, which carried great weight in China. Wright also hosted potential investors in Florida and provided tours of the Palm House project.

81. Beginning in 2013, Walsh, Walsh Jr., Cheng, Wright and Levinson went to China to solicit the Chinese Victims regarding the EB-5 program at the Palm House Hotel.

82. SARC, USREDA, Walsh, Walsh, Jr., Payne, and Robert Matthews retained Ali Herischi to help them sell the Palm House Hotel fraud to the Iranian Victims.

83. Ali Herischi is an attorney, based in Washington, DC, that is well known to Iranians in both the United States and Iran. Herischi speaks fluent Farsi, and frequently appears on international television to speak about Iranian political and refugee issues. Herischi holds himself out as an advocate for Iranians seeking a better life in the United States, and has built a law practice on that basis. Herischi understands the Iranian culture, the Iranian investment process, and the various investment features and safeguards that Iranian investors typically seek when making investments. Herischi used this knowledge, his Iranian heritage, and the fact that he was a well-respect attorney among the Iranian community (and could therefore be trusted), to help swindle the Iranian Victims.

84. Beginning in 2013, Ali Herischi, his business development manager, Ali Soltani, and Washington Marketing, LLC solicited the Iranian Victims regarding the EB-5 program at the Palm House Hotel. This included co-hosting investment seminars and meeting with potential investors in luxurious hotels in Dubai.

85. During the Palm House Hotel solicitations, Plaintiffs were provided with three (3) items:

- (a) Frequently Asked Questions (the "<u>FAQ</u>"). A true and correct copy of the FAQ provided to the Chinese Victims and Iranian Victims is attached as Exhibits "A" and "B," respectively;
- (b) Sales Brochure (the "<u>Sales Brochure</u>"). A true and correct copy of the Sales Brochure provided to the Chinese Victims and Iranian Victims is attached as Exhibits "C" and "D," respectively; and
- (c) Signature Booklet (the "<u>Signature Booklet</u>"). A true and correct copy of the Signature Booklet provided to the Chinese Victims and Iranian Victims is attached as Exhibits "E" and "F," respectively. Collectively, the FAQ, Sales Brochure, and Signature Booklet will be referred to as the "<u>Offering Documents</u>."

86. While the Signature Booklet contained signature pages for a Private Placement Memorandum (the "<u>PPM</u>") and a Palm House limited partnership agreement (the "<u>Palm House</u> <u>Limited Partnership Agreement</u>"), Plaintiffs were not provided with copies of the full documents until after they made their investments, and after they demanded them when it was becoming more and more clear that something was wrong. Copies of the PPM and Limited Partnership Agreement provided to Plaintiffs are attached as Exhibits "G" and "H," respectively.

87. Additionally, during the Palm House Hotel solicitations, the Chinese Victims were provided with a writing claiming that an I-526 petition for an early Palm House Hotel investor had been approved by USCIS, thereby assuring the Chinese Victims that, if they invested in the project, they too would soon obtain approval (the "<u>USCIS Approval</u>"), a true and accurate copy is attached as Exhibit "I."

88. The representations in the Offering Documents, the PPM, the Palm House Limited Partnership Agreement, and the USCIS Approval were originally made by Walsh, Walsh Jr., Payne, and David Derrico on behalf of their companies, SARC and USREDA.

89. JJW Consultancy Ltd., Cheng, Wright, and Levinson adopted and sold the representations in the Offering Documents and the USCIS Approval when selling the Palm House Hotel project to the Chinese Victims.

90. Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC adopted and sold the representations in the Offering Documents when selling the Palm House Hotel project to the Iranian Victims.

Nefarious Lies

91. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy Ltd., Cheng, Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, Washington

Marketing LLC and Robert Matthews each made material, knowingly false representations to induce Plaintiffs to invest into the project.

92. Further, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy Ltd., Cheng, Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, Washington Marketing LLC and Robert Matthews each withheld material information that they had a duty to disclose.

93. Each limited partnership unit in Palm House required a minimum investment of\$500,000, plus an administrative fee of \$40,000.

94. Any subscription funds received from Plaintiffs were to be held in a special escrow account (the "<u>Escrow Account</u>").

95. Among the many misrepresentations, Plaintiffs were promised that their monies would be held in the Escrow Account and released to Palm House, LLC only if and when their I-526 applications were approved by USCIS (the "<u>Escrow Representation</u>").

96. The Escrow Representation was made to Plaintiffs several times, and in several documents.

97. The Escrow Representation was made to Plaintiffs in the PPM. <u>See</u> Exhibit G at p. 15, 37, 38, and 41.

98. The Escrow Representation was made to Plaintiffs in the Limited Partnership Agreement. See Exhibit H at p. 6.

99. The Escrow Representation was made in the loan agreement between Palm House and Palm House LLC (the "Loan Documents," attached as Exhibit "J"), where Palm House, LLC, on the one hand, and Walsh, SARC, and Palm House, on the other hand, agreed that the loan was dependent on USCIS' approval of Plaintiffs' I-526 petitions. <u>See</u> Exhibit J at p.1.

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100. If an investor's I-526 application was denied by USCIS, the investor was

promised that they would receive their money back within 90 days of the official denial notice.

101. There were many other knowingly false representations in the Offering Documents, including but not limited to:

- Documents, meruang out not minted to.
 - (a) There was a 100% guaranty for the return of Plaintiffs' investment and fees in the event their I-526 petition is denied;
 - (b) There would be a maximum of 79 limited partnership units offered in Palm House;
 - (c) They were seeking, in total, a \$39,5000,000.00 investment into Palm House, which was equal to the maximum of 79 limited partnership units being offered at \$500,000 each;
 - (d) USREDA guaranteed the approval of any I-526 application it completed and the return of all service fees in the event of denial;
 - (e) SARC was the general partner of Palm House;
 - (f) The developer had already invested \$22,000,000 of their own equity into the project;
 - (g) There was a bridge loan from a bank, in the amount of \$29,500,000, to allow continuation of the construction while the EB-5 money was raised;
 - (h) The EB-5 investment represents only 43% of the total investment in the project;
 - (i) The project was in progress, "very near completion," and would be complete for "Season" of 2013/2014;
 - (j) The Palm House Hotel would be the last 5-star hotel to be approved by the local government on Palm Beach;
 - (k) Investors need not worry about any potential delays in building or regulatory issues;
 - (1) Bill Clinton, Donald Trump, Celine Dion, Bill Koch, and Eric Schmidt would be a part of the Palm House Hotel advisory board;
 - (m) The real property at issue, on which the Palm House Hotel was being renovated, was presently worth over \$110,000,000 before completion. "This makes the Palm House Hotel one of the safest EB5 offerings from a Job Creation and Investment position."

- (n) The job count for the Palm House project is 953 jobs, while the project needs only 790 jobs, so over 20% more jobs will be created than required by law;
- (o) The investor's visa would be approved in less than 6 months; and
- (p) "The investor need not worry if the project will perform and meet the rigid standards required by the USCIS."

102. Armed with the Offering Documents, the USCIS Approval, presentations, and whatever oral representations they deemed necessary for a sale, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy, Ltd., Cheng, Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, Washington Marketing LLC and Robert Matthews sold the fraud that is the Palm House Hotel project.

103. Beginning in 2013, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy, Ltd., Cheng, Wright, Levinson, and Robert Matthews fraudulently induced the Chinese Victims to provide their investments.

104. In China, SARC, USREDA, Walsh, Walsh Jr., JJW Consultancy, Ltd., Cheng, Wright, and Levinson made presentations to the Chinese Victims using the Offering Documents, the USCIS Approval, presentation materials, and oral statements.

105. In China, SARC, USREDA, Walsh, Walsh Jr., JJW Consultancy, Ltd., Cheng, Wright, and Levinson used a PowerPoint presentation that contained knowingly false representations to fraudulently induce the Chinese Victims (the "<u>PowerPoint Presentation</u>"). A true and correct copy of the PowerPoint Presentation is attached as Exhibit "K."

106. SARC, USREDA, Walsh, Walsh Jr., JJW Consultancy, Ltd., Cheng, Wright, and Levinson represented to the Chinese Victims that the statements in the Offering Documents were true and accurate.

107. SARC, USREDA, Walsh, Walsh Jr., JJW Consultancy, Ltd., Cheng, Wright, and Levinson also made oral, materially false statements to the Chinese Victims.

108. In their solicitations to the Chinese Victims, SARC, USREDA, Walsh, Walsh Jr.,

JJW Consultancy, Ltd., Cheng, Wright, and Levinson stated that:

- (a) There was a 100% guaranty for the return of Plaintiffs' investment and fees in the event their I-526 petition is denied;
- (b) 100% of Plaintiffs' funds would be held in escrow until their Form I-526 immigration petitions were approved by the United States government;
- (c) A "limited number" of 79 equity interests would be sold in Palm House Hotel, LLLP at the price of \$500,000 each, plus \$40,000 in administrative fees;
- (d) Plaintiffs' funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish the renovation and development, which was near completion;
- (e) The Palm House Hotel would be open for business by the "Season" of 2013/2014, and was 80-90% completed prior to Plaintiffs' investments;
- (f) The funds would create more than 10 full-time jobs for each \$500,000 advanced;
- (g) Plaintiffs' funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000, so that Plaintiffs' funds constitute less than 50% of the project funding;
- (h) Plaintiffs' funds would be held in escrow, and were not yet needed, because the developer's investment in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 was being used for construction;
- (i) Plaintiffs' funds would not be taken from the escrow account, and would not be used, unless and until the developer's investment in excess of \$22,000,000 and the bank funds in excess of \$29,000,000 had been used at the project;
- (j) The real property at issue was currently worth \$110,000,000-\$137,000,000 (the current value representation varied, depending on what the Bad Actors believed a particular Plaintiff wanted to hear) before completion, which made the investment "one of the safest EB-5 offerings from a Job Creation and Investment position."
- (k) I-526 immigration petitions for the Palm House Hotel project had already been approved by the United States government;
- (l) An insurance policy guaranteed that construction of the Palm House Hotel project would be completed;
- (m) The local government guaranteed that construction of the Palm House Hotel project would be completed, and that this would be the last 5-star hotel property allowed on Palm Beach;

- (n) The developer, Robert Matthews, was a famous real estate developer in the United States, equivalent in status to Donald Trump;
- (o) Each investor's investment would be fully secured by the real property at issue and by the State of Florida pursuant to a UCC form²;
- (p) Donald Trump and Bill Clinton would serve on the Palm House Hotel advisory board;
- (q) If an investor's application was denied by USCIS, they would receive their money back immediately;
- (r) The general contractor, Laudano, was an experienced and famous hotel developer, and had developed luxury hotels around the United States;
- (s) The project would have a net profit in excess of \$7,000,000, and would easily refund the investors' money;
- (t) Inga Moore, a famous hotel designer and the winner of the Top Hotel Designer of 2013, had designed the Palm House Hotel; and
- (u) Niklaus Leuenberger, with 30 years of management experience in luxury hotels around the world, had agreed to manage the Palm House Hotel.
- 109. The Bad Actors made representations to the Chinese Victims' immigration agents

with the understanding and intent that they would relay the representations to the Chinese Victims and that the Chinese Victims would rely upon those representations.

110. After the presentations in China, the Chinese Victims' immigration agents came to Palm Beach, Florida, to inspect the project and meet with Robert Matthews, Levinson, and Wright.

111. In Palm Beach, Robert Matthews, Levinson, and Wright were instrumental in sealing the deal with the Chinese Victims.

² Attached as Exhibit "L" is a copy of the UCC form.

112. In Palm Beach, Robert Matthews, Levinson and Wright showed the Chinese Victims' immigration agents the plans for the project, and represented that the funds would be exclusively used to help finish the renovation and development.

113. In Palm Beach, Robert Matthews, Levinson and Wright reiterated that the Chinese Victims' funds would remain in escrow until their I-526 petitions were approved, and that they were using the proceeds of a construction loan in the meantime.

114. In Palm Beach, Robert Matthews, Levinson and Wright showed the Chinese Victims' immigration agents Robert Matthews' home, represented that it was worth over \$40,000,000, that he was a successful and famous developer on par with Donald Trump, that he was married to a famous American movie star (Defendant Maria a/k/a Mia Matthews), that he was the head of several charitable organizations, and that he was a trustworthy and honorable person deserving of their business.

115. In Palm Beach, Robert Matthews, Levinson and Wright took the Chinese Victims' immigration agents to a charity event at Mar-a-Lago, introduced them to Donald Trump, and arranged for them to take pictures with Donald Trump in an effort to further create the façade that Robert Matthews was an important, wealthy, and trustworthy member of American society and on par with Donald Trump.

116. In Palm Beach, Robert Matthews, Levinson and Wright staged the Palm House Hotel work site, hiring "workers" to be present at the site in order to create the appearance that work was actually being performed. Plaintiffs subsequently learned that this was merely an acting job, and that the "workers" were hired for appearances only.

117. In Palm Beach, Robert Matthews, Levinson and Wright represented to the Chinese Victims' immigration agents that the project had all necessary permits and approvals,

that there were no regulatory issues, and that the project would be completed in approximately 6 months.

118. Robert Matthews, Levinson and Wright never disclosed that the project was being fined \$2,000 per day, since February 2013, by the Town of Palm Beach.

119. Robert Matthews, Levinson and Wright never disclosed that Laudano, the purported general contractor, was unqualified to perform the work at the Palm House Hotel and was not even a licensed general contractor.

120. Beginning in 2013, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC fraudulently induced the Iranian Victims to provide their investments.

121. In the Middle East and in Washington, DC, Walsh, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC made presentations to the Iranian Victims using the Offering Documents, presentation materials, and oral statements.

122. Walsh, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC represented to the Iranian Victims that the statements in the Offering Documents were true and accurate.

123. Walsh, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC also made oral, materially false statements to the Iranian Victims.

124. In their solicitations to the Iranian Victims, Walsh, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC stated that:

- (a) There was a 100% guaranty for the return of their Plaintiffs' investment and fees in the event their I-526 petition is denied;
- (b) 100% of Plaintiffs' funds would be held in escrow until their Form I-526 immigration petitions were approved by the United States government;

- (c) A "limited number" of 79 equity interests would be sold in Palm House Hotel, LLLP at the price of \$500,000 each, plus \$40,000 in administrative fees;
- (d) Plaintiffs' funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish the renovation and development, which was near completion;
- (e) The Palm House Hotel would be open for business by the "Season" of 2013/2014, and was 80-90% completed prior to Plaintiffs' investments;
- (f) The funds would create more than 10 full-time jobs for each \$500,000 advanced;
- (g) Plaintiffs' funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000, so that Plaintiffs' funds constitute less than 50% of the project funding;
- (h) Plaintiffs' funds would be held in escrow, and were not yet needed, because the developer's investment in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 was being used for construction;
- (i) Plaintiffs' funds would not be taken from the escrow account, and would not be used, unless and until the developer's investment in excess of \$22,000,000 and the bank funds in excess of \$29,000,000 had been used at the project;
- (j) The real property at issue was currently worth \$110,000,000-\$137,000,000 (the current value representation varied, depending on what the Bad Actors believed a particular Plaintiff wanted to hear) before completion, which made the investment "one of the safest EB-5 offerings from a Job Creation and Investment position."
- (k) The local government guaranteed that the Palm House Hotel project would be the last 5-star hotel property allowed on Palm Beach;
- (n) The developer, Robert Matthews, was a famous real estate developer in the United States;
- (o) Each investor's investment would be fully secured by the real property at issue;
- (p) Donald Trump and Bill Clinton would serve on the Palm House Hotel advisory board;
- (q) If an investor's application was denied by USCIS, they would receive their money back immediately;
- (r) With the U.S. Green Card, they would enjoy free education in all public colleges and universities;

- (s) As one of the exceptional features of the Palm House project, an investor's \$500,000 investment would secure the approval of two (2) I-526 applications, which could be used for in-laws and other distant family members; and
- (t) Because of the United States sanctions against Iran, the Iranian Victim's money was even more secure, as their money could not be touched without approval from OFAC, and would be used last, rendering it an even safer investment.

125. Wright, Levinson, Ali Herischi, and Ali Soltani used high pressure, boiler room sales tactics to persuade the Chinese Victims and Iranian Victims, respectively, to invest in the Palm House Hotel project instead of other EB-5 investments, claiming that the Palm House Hotel project was safe and secure, that Walsh, Robert Matthews and their accomplices were trustworthy and had a great record of success, that the opportunity would be gone if they didn't wire funds immediately, that they had great expertise and were looking out for their best interests, and that the alternative EB-5 investment opportunities were much riskier.

126. Wright, Levinson, Herischi, and Soltani preyed on the trust reposed in them by the Chinese Victims and Iranian Victims, respectively, to drive Plaintiffs into the Palm House Hotel project.

Plaintiffs are Fraudulently Induced to Invest in the Palm House EB-5 Offering

127. In reliance on the Offering Documents, the USCIS Approval, the PowerPoint Presentation, and the oral representations described above, each of the Chinese Victims provided \$500,000 for a limited partnership unit in Palm House, along with an administrative fee of \$40,000.

128. In reliance on the Offering Documents and the oral representations described above, each of the Iranian Victims provided \$500,000 for a limited partnership unit in Palm House, along with an administrative fee of \$40,000.

129. Many of the Plaintiffs also paid USREDA a legal fee of between \$15,000-\$20,000.

130. Each of the Plaintiffs received confirmation that their \$500,000 investment and \$40,000 administrative fee had been received.

131. In providing their money, Plaintiffs relied upon the representation that there was a 100% guaranty for the return of their investment and fees in the event their I-526 petition was denied.

132. In providing their money, Plaintiffs relied upon the Escrow Representation, and understood that their money would be held in escrow unless and until USCIS approved their Form I-526 Petition.

133. In providing their money, Plaintiffs relied upon the representation that if their I-526 petition was denied, their funds would be returned within 90 days.

134. In providing their money, Plaintiffs relied upon the representation that only 79 limited partnership units in Palm House would be offered. This representation was material because, if there were too many investors, not enough jobs would be created per investor and they would be unable to obtain the EB-5 visas. Further, this information was relied upon in calculating each investors' ability to obtain a return on their investment.

135. In providing their money, Plaintiffs relied upon the representation that their funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish the renovation and development.

136. In providing their money, Plaintiffs relied upon the representation that USREDA guaranteed the approval of any I-526 application it completed and that it would return all service fees in the event of denial.

137. In providing their money, Plaintiffs relied upon the representation that SARC was the general partner of Palm House.
138. In providing their money, Plaintiffs relied upon the representation that their funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000, so that Plaintiffs' funds constituted less than 50% of the project's funding. Plaintiffs relied upon the fact that a bank conducted significant due diligence on the viability of the project prior to giving a \$29,000,000 loan.

139. In providing their money, Plaintiffs relied upon the representation that their funds would be held in escrow, and were not yet needed, because the developer's investment in excess of \$22,000,000 and a bank loan in excess of \$29,000,000 were being used for construction.

140. In providing their money, Plaintiffs relied upon the representation that their funds would not be taken from the escrow account, and would not be used, unless and until the developer's investment in excess of \$22,000,000 and the bank funds in excess of \$29,000,000 had been used at the project.

141. In providing their money, Plaintiffs relied upon the representation that a bank had provided funding in excess of \$29,000,000, that these funds were being used for ongoing construction at the project, and that a bank had undertaken due diligence on the project.

142. In providing their money, Plaintiffs relied upon the representation that their funds would be used exclusively to develop the hotel and create at least ten (10) jobs per investor.

143. In providing their money, Plaintiffs relied upon the representation that the project was in progress, "very near completion," and would be complete for "Season" of 2013/2014.

144. In providing their money, Plaintiffs relied upon the representation that the Palm House Hotel would be the last 5-star hotel to be approved on Palm Beach.

145. In providing their money, Plaintiffs relied on the representation that they need not worry about any potential delays in building or regulatory issues, that all required permits and

documents were already obtained by the Town of Palm Beach, and if there were any issues the Advisory Board Members, such as Bill Clinton, would handle the local government.

146. In providing their money, Plaintiffs relied upon the representation that famous people, such as Bill Clinton, Celine Dion, Bill Koch, and Eric Schmidt, had given their endorsement to the project by choosing to be a part of the Palm House Hotel advisory board.

147. In providing their money, Plaintiffs relied upon the representation that the property was presently worth over \$110,000,000 before completion, which therefore made the Palm House Hotel one of the safest EB-5 offerings from a Job Creation and Investment position.

148. In providing their money, Plaintiffs relied upon the representation that the job count for the Palm House project was 953 jobs, while the project needed only 790 jobs.

149. In providing their money, Plaintiffs relied upon the representation that their visa would be approved in less than 6 months.

150. In providing their money, Plaintiffs relied upon the representation that they need not worry if the project will perform and meet the rigid standards required by the USCIS.

151. In providing their money, Plaintiffs relied upon the representation that the developer, Robert Matthews, was a famous real estate developer in the United States.

152. In providing their money, Plaintiffs relied upon the representation that each investor's investment would be fully secured by the real property at issue.

153. In providing their money, the Chinese Victims relied upon the representation that investors in the Palm House Hotel project had already had their I-526 immigration petitions approved by USCIS, which assured them that their application would be approved, too, if they simply invested.

154. In providing their money, the Chinese Victims relied upon the representation that an insurance policy guaranteed that construction of the Palm House Hotel project would be completed.³

155. In providing their money, the Chinese Victims relied upon the representation that the local government had guaranteed that construction of the Palm House Hotel project would be completed.

156. In providing their money, the Chinese Victims relied upon the representation that the developer, Robert Matthews, was a famous, top 10 real estate developer in the United States, equal in status and accomplishment to Donald Trump, and had completed several luxury hotel developments around the world, including in Bora Bora, New York City, and Mexico.

157. In providing their money, the Chinese Victims relied upon the representation that the general contractor, Laudano, was an experienced and famous hotel developer, and had developed luxury hotels around the United States.

158. In providing their money, the Chinese Victims relied upon the representation that the project would have a net profit in excess of \$7,000,000, and would easily refund their money.

159. In providing their money, the Chinese Victims relied upon the representation that Inga Moore, a famous hotel designer and the winner of Top Hotel Designer in 2013, had designed the Palm House Hotel.

160. In providing their money, the Chinese Victims relied upon the representation that Niklaus Leuenberger, with 30 years of management experience in luxury hotels around the world, had agreed to manage the Palm House Hotel.

³ The Chinese Victims were defrauded by the use of an AIA construction contract and the logo for Chinese insurance company, AIA, which is a subsidiary of AIG. The Chinese Victims were told that the document was an insurance contract that guaranteed the completion of the project, when in reality it was a construction contract. The con-artists used the logo of the Chinese insurance company to help commit the fraud.

161. In providing their money, the Iranian Victims relied upon the representation that with a United Stated green card, they would enjoy free education in all public colleges and universities.

162. In providing their money, the Iranian Victims relied upon the representation that as one of the exceptional features of the Palm House project, an investor's \$500,000 investment would secure the approval of two (2) I-526 applications, which could be used for in-laws and other distant family members.

163. In providing their money, the Iranian Victims relied upon the representation that because of the United States sanctions against Iran, the Iranian Victim's money was even more secure, as their money could not be touched without approval from OFAC, and would be used last, rendering it an even safer investment.

Plaintiffs' I-526 Applications are Denied by USCIS

164. Plaintiffs were approved as accredited investors and their petitions were accepted within SARC's program for the Palm House investment.

165. Plaintiffs diligently submitted all necessary paperwork in conjunction with their Form I-526 Petitions, asserting eligibility based on an investment in a Regional Center through Palm House and SARC.

166. Plaintiffs' Form I-526 Petitions were denied by USCIS. A copy of the denial is attached as Exhibit "M."

167. Plaintiffs' Form I-526 Petitions were denied by USCIS for failure to establish by a preponderance of the evidence that the Form I-526 Petitions complied with the applicable legal requirements.

168. USCIS cited the following deficiencies: (1) inconsistencies in the documents from Palm House; (2) insufficient number of full-time positions created by the project; (3) dispute over ownership of the project's property; and (4) insufficient evidence of bridge financing.

169. The deficiencies cited by USCIS were based on actions taken and documents provided by Palm House, and over which Plaintiffs had no control.

170. Plaintiffs demanded the return of their funds.

171. In response to Plaintiffs' demands, no funds were returned to Plaintiffs.

172. Instead, Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC engaged in an ongoing fraud intended to lull Plaintiffs into not bringing legal action, reporting the activities to law enforcement, or otherwise seeking to protect their interests.

173. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC threatened investors that if they took action to recoup their funds or otherwise affect the operation of the project, they would need to find a new EB-5 project and, now that the investor's child was no longer under 21 years old, they would lose the opportunity to obtain a United States visa through the parent's investment.

174. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC threatened Plaintiffs that if they took action to recoup their funds or otherwise affect the operation of the project, they would jeopardize the ability of other families to come to the United States under the Palm House Hotel project.

175. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC misrepresented to Plaintiffs that USCIS had

made a mistake, that one of the top immigration attorneys in the United States had been hired to appeal USCIS's denial decision, and that they were certain it would get reversed.

176. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC misrepresented both the character and status of pending litigation in the states courts of Florida.

177. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC misrepresented that the pending litigation was being used to try to resume construction on the property in order to strengthen the USCIS appeal and that it was nearly done.

178. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC misrepresented that the litigation was brought because the developer and the contractor had made changes to the plans and specifications of the Palm House Hotel project without getting necessary governmental approvals.

179. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC misrepresented that the litigation had been resolved and that the project was proceeding as planned.

180. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Wright, Levinson, Herischi, and Herischi & Associates LLC misrepresented that there were no problems with the Palm House Hotel project, and all that Plaintiffs needed to do was wait.

181. Walsh Jr. was integral in lulling the Chinese Victims into a state of inactivity while the fraud continued, making additional, egregious fraudulent misrepresentations.

182. Walsh Jr. lulled the Chinese Victims by misrepresenting that the EB-5 approvals were on track, and that the Chinese Victims did not understand the USCIS letter because the issues were being addressed in "U.S. English legal speak" or "attorney speak."

183. Walsh Jr. lulled the Chinese Victims by misrepresenting that the appointment of a receiver in the litigation ensured that once the government issued necessary approvals, the construction would re-start, which would occur within a few months.

184. Walsh Jr. lulled the Chinese Victims by misrepresenting that the Palm House Hotel would be open within 6 months.

185. Walsh Jr. lulled the Chinese Victims by misrepresenting that the Palm House Hotel property was not in foreclosure.

186. Walsh Jr. lulled the Chinese Victims by misrepresenting that they had spent \$3,000,000 protecting investors' investments in the Palm House Hotel project.

187. Walsh Jr. lulled the Chinese Victims by misrepresenting that the Town of Palm Beach's fines, which were accruing at \$2,000/day, would be waived by 90-95% at the conclusion of the project.

188. Walsh Jr. lulled the Chinese Victims by misrepresenting that 100% of the \$39,500,000 EB-5 money raised was actually used for construction at the Palm House Hotel.

189. Walsh Jr. lulled the Chinese Victims by misrepresenting that the SEC had already investigated the developer of the Palm House Hotel project.

190. Walsh Jr. lulled the Chinese Victims by misrepresenting that the SEC and other authorities had investigated the Palm House Hotel project and found no issues.

191. Walsh Jr. lulled the Chinese Victims by misrepresenting that no lies were made to induce the Chinese Victims' investment in the Palm House Hotel project.

192. Walsh Jr. lulled the Chinese Victims by misrepresenting that the investors in the Palm House Hotel project would get EB-5 visas because all the money was spent at the project.

193. Walsh Jr. lulled the Chinese Victims by misrepresenting that the Bad Actors did not do anything inappropriate with Plaintiffs' money, which had been raised truthfully and under the laws of the SEC and EB-5, and it was deployed under those laws.

194. Walsh Jr. lulled the Chinese Victims by misrepresenting that USCIS will approve the I-526 petitions.

195. Walsh Jr. lulled the Chinese Victims by misrepresenting that the Palm House Hotel, in its current state, was worth \$93,000,000-\$100,000,000.

196. Walsh Jr. lulled the Chinese Victims by misrepresenting that the Palm House Hotel, once completed, would be worth \$144,000,000.

197. Walsh Jr. lulled the Chinese Victims by misrepresenting that the Palm House Hotel's value would more than cover the two (2) mortgages, which included the \$27,500,000 mortgage in favor of Defendant KK-PB Financial LLC.

198. Walsh Jr. lulled the Chinese Victims by misrepresenting that it would take \$16,000,000 to complete the Palm House Hotel project.

199. Walsh Jr. lulled the Chinese Victims by misrepresenting that \$10,000,000 of the investors' money was still on hand, and available to complete the Palm House Hotel project.

200. In an effort to further lull Plaintiffs, as recently as November 2016, Walsh, Walsh, Jr., Payne, SARC, and USREDA were still representing to Plaintiffs that the real property at issue, with construction stopped, was currently worth approximately \$100,000,000, and that it would be worth \$140,000,000 when stabilized.

201. Plaintiffs hired legal counsel to investigate Palm House, the project, and the individuals involved. The findings were shocking.

The Fraud and Theft are Discovered

202. Upon investigation, Plaintiffs discovered that a seemingly endless laundry list of fraudulent representations were perpetrated upon them in furtherance of obtaining and stealing their money.

203. Palm House was not a legitimate EB-5 project, but rather a façade and vehicle pursuant to which a group of conspirators stole over \$40,000,000 from over 90 foreign nationals seeking EB-5 visas and a better life for their families in the United States.

204. Plaintiffs have discovered that their funds were not held in the Escrow Account.

205. Instead, contrary to all of the written and oral representations, Plaintiffs' funds were quickly transferred from the Escrow Account to other accounts and pillaged for the personal pleasure of the conspirators.

206. Virtually none of Plaintiffs' funds were used at the project, and no jobs were created.

207. Plaintiffs have learned that, shortly after receipt, their funds were wrongfully moved from the Escrow Account, to other accounts, and then disbursed and distributed among the conspirators and used to:

- (a) purchase multiple homes, investment property, a 151 foot yacht that cost almost \$6,000,000, a luxury car, vacations, and other accoutrements of a life of luxury;
- (b) pay personal debts, including more than \$266,000 in personal back taxes; and
- (c) grease all the wheels that furthered the criminal scheme, including a licensed attorney that helped fraudulently induce the Iranian Victims' investments.

208. Each of the representations described hereinabove were knowingly false or misleading.

209. Most of the representations within the Offering Documents were knowingly false or misleading.

210. The representations that there was a 100% guaranty for the return of Plaintiffs' investment and fees in the event their I-526 petition was denied were knowingly false.

211. The representations that Plaintiffs' funds would be held in escrow unless and until USCIS approved their I-526 applications were knowingly false.

212. The representations that Plaintiffs would receive their money back upon an official denial of their I-526 applications by USCIS were knowingly false.

213. The representations that Plaintiffs' funds would be returned within 90 days of denial of their I-526 applications were knowingly false.

214. The representations that a maximum of 79 interests in Palm House would be sold were knowingly false. Plaintiffs have discovered that at least 90 units were sold, violating the necessity that investments into an EB-5 program be "closed-ended," available only to a specified number of investors, and which number is tied to the number of direct or indirect jobs created by the investment. In other words, had the project even progressed as represented, there would have likely been too few jobs created per investor to provide the number of EB-5 visas that were promised.

215. The representations that the funds would be exclusively invested in the Palm House Hotel to create jobs by helping to finish the renovation and development were knowingly false. Virtually none of the funds were used at the project.

216. The representations that USREDA guaranteed the approval of any I-526 application it completed and that it would return all service fees in the event of denial were knowingly false.

217. The representations that SARC was the general partner of Palm House were knowingly false. According to records kept by the Florida Secretary of State, Walsh and Payne were the general partners of Palm House and served in that role until they resigned in July 2016.

218. Plaintiffs' investigation has revealed that the representations that the developer had "invested" \$22,000,000 of their own equity into the project were misleading and knowingly false. In truth, the prior owner did some work on the hotel and may have incurred expenses to acquire (\$10 million) and work on the property (\$12 million) totaling \$22 million. However, no "equity" was invested by the developer, as they acquired the property with little or no cash paid. Instead, the developer manipulated the sale to enable it to claim to be the prior owner – the "developer" -- that had invested \$22 million. In truth, they acquired the prior developer's interest in 160 Royal Palm LLC, which owned the property, but then gave the prior owner a \$27,000,000+ mortgage as payment. Rather than "equity," the developer's interests were under water.

219. The representations that Plaintiffs' funds were in addition to an equity investment by the developer in excess of \$22,000,000 and a bank loan in excess of \$29,000,000, so that Plaintiffs' funds constitute less than 50% of the project funding were knowingly false. There was no bank loan. Further, there was no "equity investment" by the developer; the developer acquired the property with little or no cash paid, and gave the prior owner a note and mortgage for over \$27,000,000 as consideration.

220. The representations that a bank had provided funding in excess of \$29,000,000 and that the bank had undertaken due diligence on the project prior to making the loan were knowingly false. There was no bank loan, and no due diligence undertaken by any bank.

221. The representations that Plaintiffs' funds would be held in escrow, and were not yet needed, because construction was being funded by the developer's investment and the bank loan, were knowingly false. The funds were quickly removed from the Escrow Account, and there was no bank loan or developer's investment.

222. The representations that the funds would create 10 full-time jobs for each \$500,000 advanced were knowingly false.

223. The representations that the project was in progress, "very near completion," and would be complete for "Season" of 2013/2014 were knowingly false. The project is in such disrepair that the receiver is currently working with the Town of Palm Beach to try to address hazards causing threats to public safety.

224. The representations that the Palm House Hotel would be the last 5-star hotel to be approved on Palm Beach by the local government were knowingly false.

225. The representations that Plaintiffs need not worry about any potential delays in building or regulatory issues were knowingly false.

226. The representations that celebrities like Bill Clinton, Celine Dion, Bill Koch, and Eric Schmidt had decided to become members of the Palm House advisory board were knowingly false.

227. The representations that the property at issue was presently worth over \$110,000,000 before completion were knowingly false. Upon information and belief, the property was worth less than \$20,000,000.

228. The representations that the job count for the project was 953 jobs were knowingly false.

229. The representations that Plaintiffs' visas would be approved within 6 months were knowingly false.

230. The representations that Plaintiffs need not worry if the project will perform and meet the rigid standards required by USCIS were knowingly false.

231. The representations that the developer, Robert Matthews, was a famous real estate developer in the United States, equal in status and accomplishment to Donald Trump, and that he had completed several luxury hotel developments around the world, including in Bora Bora, New York City, and Mexico, were knowingly false.

232. The representations that each investor's investment would be fully secured by the real property at issue were knowingly false.

233. The representations that investors in the Palm House Hotel project had already had their I-526 immigration petitions approved were knowingly false. No investor in the project ever had their I-526 petition approved.

234. The representations that an insurance policy guaranteed that construction of the Palm House Hotel project would be completed were knowingly false. The purported insurance policy was nothing more than a form construction agreement.

235. The representations that the local government had guaranteed that construction of the Palm House Hotel project would be completed were knowingly false. Instead, the Town of Palm Beach had been assessing a fine of \$2,000 per day, since February 2013, which was not disclosed to Plaintiffs prior to making their investments.

236. The representations that the general contractor, Laudano, was an experienced and famous hotel developer, and had developed luxury hotels around the United States were knowingly false.

237. The representations that the project would have a net profit in excess of \$7,000,000, and would easily refund the investors' money, were knowingly false. There was never an intent to make a "profit" at the Palm House Hotel project or refund Plaintiffs' investment.

238. The representations that Inga Moore, a famous hotel designer and the winner of the Top Hotel Designer of 2013, had designed the Palm House Hotel were knowingly false.

239. The representations that Niklaus Leuenberger, with 30 years of management experience in luxury hotels around the world, had agreed to manage the Palm House Hotel were knowingly false.

240. The representations that investors, with a United States green card, could enjoy free education at all public colleges and universities were knowingly false.

241. The representations that investors could secure the approval of a second I-526 petition approval based on their \$500,000 investment were knowingly false.

242. In sum, the Palm House Hotel was a systemic fraud, based on myriad, intentional, material misrepresentations intended to dupe unsuspecting, needy foreign investors.

243. The Palm House Hotel was a necessary façade, used to enable to the fraudulent scheme that bilked foreign investors with the promise of EB-5 visas and security for their investments.

Defendants' Receipt of Stolen Funds

244. Plaintiffs have determined, by investigating the money trail, that SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy Ltd., Cheng, Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC were parties to a conspiracy to steal Plaintiffs' funds with several persons involved with the project,

including Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, Nicholas Laudano and entities that they own and/or control.

245. Plaintiffs wired their money into the Escrow Account at PNC Bank.

246. The Bad Actors conspired to and moved Plaintiffs' money from the Escrow Account to a second account at PNC Bank (the "Second PNC Account").

247. Once Plaintiffs' funds were moved to the Second PNC Account, upon information and belief, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy Ltd., Cheng, Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC quickly transferred the funds to other accounts and used them for non-allowable purposes, siphoning off millions of dollars for personal expenses and investments.

248. Once Plaintiffs' funds were moved to the Second PNC Account, upon information and belief, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy Ltd., Cheng, Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC used the funds to pay off participants in the criminal scheme.

249. From the Second PNC Account, the Bad Actors conspired to and moved about \$35,000,000 of Plaintiffs' money to accounts belonging to:

- (a) Defendant Leslie Robert Evans
- (b) Defendant KK-PB Financial LLC
- (c) Galle Law Group
- (d) Defendant New Haven Contracting South, Inc.
- (e) Defendant USREDA
- (f) Defendant 160 Royal Palm Way LLC

250. Further, upon information and belief, the Bad Actors conspired to and moved about \$15,000,000 from the Second PNC Account to an account in the name of Palm House LLC

controlled by attorney Robert Leslie Evans and the law firm Robert Leslie Evans & Associates, P.A. (the "<u>Evans Account</u>").

251. Once Plaintiffs' funds were moved to the Evans Account, upon information and belief, Gerry Matthews, Robert Matthews, Maria a/k/a Mia Matthews, Ryan Black, and Nicholas Laudano quickly transferred the funds to other accounts and used them for non-allowable purposes, siphoning off millions of dollars for personal expenses and investments.

252. Once Plaintiffs' funds were moved to the Evans Account, Gerry Matthews, Robert Matthews, Maria a/k/a Mia Matthews, Ryan Black, and Nicholas Laudano used the funds to pay off other participants in the criminal scheme.

253. As purported owners and/or managers and/or agents of Palm House LLC, Gerry Matthews, Robert Matthews, Maria a/k/a Mia Matthews, and Ryan Black knew that none of Plaintiffs' funds could be used unless and until Plaintiffs' I-526 Petitions had been approved by USCIS.

254. The Loan Documents specifically stated that the loan to Palm House LLC was dependent on USCIS' approval of Plaintiffs' I-526 petitions.

255. While none of Plaintiffs' I-526 petitions were approved, Palm House LLC, Gerry Matthews, Robert Matthews, Maria a/k/a Mia Matthews, and Ryan Black took Plaintiffs' money anyway, further demonstrating their criminal intent.

256. Further, SARC, Walsh, and Payne owed Plaintiffs a fiduciary duty to protect their funds, and not allow their release, unless and until their I-526 petitions were approved by USCIS.

257. From the Evans Account, Plaintiffs have determined that Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano used several entities to help them transfer, hide, and receive Plaintiffs' funds, including:

- (a) New Haven Contracting South, Inc., a company owned and operated by Nicholas Laudano, which entered into a construction contract to build the project, and which was used to receive, divert and steal millions of dollars of Plaintiffs' money instead of use the funds at the project.
- (b) Palm House, LLC, an entity purportedly formed to complete the renovations at the project, the purported borrower of the loan proceeds from Palm House, and which was used to receive, divert and steal millions of dollars of Plaintiffs' money.
- (c) Palm House PB, LLC, an entity that, upon information and belief, was formed for the purpose of receiving, hiding and stealing Plaintiffs' money and did, in fact, use Plaintiffs' funds to purchase items such as a \$5,750,000, 151 foot yacht.
- (d) NJL and Botticelli, entities that Nicholas Laudano used to purchase a Connecticut mansion -- with Plaintiffs' funds -- on behalf of and/or for the benefit of Robert Matthews and Maria a/k/a Mia Matthews.
- (e) 160 Royal Palm LLC, owned completely by Palm House LLC, is the owner of the real property at issue, which benefitted from the use of Plaintiffs' funds.
- (f) Mirabia, LLC, an entity that, upon information and belief, received stolen funds to purchase investment property near the Palm House Hotel.
- (g) Bonaventure 22, LLC, an entity that, upon information and belief, received stolen funds.
- (h) Alibi LLC and Alibi LTD. were entities that Maria a/k/a Mia Matthews used to steal Plaintiffs' money and purchase a \$5,750,000, 151 foot yacht.

258. Other persons received improper transfers or were unjustly enriched as a result of

the theft of Plaintiffs' funds. These include Leslie Robert Evans and his law firm, Leslie Robert

Evans & Associates, P.A., who paid themselves compensation from Plaintiffs' funds while they

assisted the bad actors in their theft and dissipation of the funds.

259. The Bad Actors acted with willful, reckless, grossly negligent and malicious intent in taking the actions alleged hereinabove.

260. As a result of the Bad Actors' willful, reckless, grossly negligent and malicious conduct, they are libel for exemplary and punitive damages.

Where Things Stand Now

261. Subsequent to the theft and distribution of Plaintiffs' funds, the Bad Actors brought lawsuits against each other, asserting weak and/or neutered claims, with the goal of creating yet another façade -- that they were actually attempting to pursue the claims, recoup the stolen money, and make Plaintiffs whole.

262. In reality, however, the pretend litigation is merely furthering the conspiracy, whereby the Bad Actors are attempting to extinguish (i.e. "settle") the claims of wrongdoing on the merits while they continue to hide and dissipate Plaintiffs' funds and lull Plaintiffs into a state of inaction.

263. Meanwhile, the Palm House Hotel is a wasting property and, in the words of the Court-appointed receiver, "circling the drain."

264. Defendants, and entities they own and/or control, continue to use and enjoy Plaintiffs' stolen funds.

265. No Plaintiff has received an EB-5 visa, or an I-526 petition approval.

266. Many of the Bad Actors continue in their criminal conduct, seeking additional victims for their EB-5 schemes.

267. SARC, Walsh and Walsh Jr. are now offering a similar project to foreign investors—to refurbish an old hotel—called the Greystone in Miami.

268. Levinson and Wright are still making presentations in China, attempting to swindle more victims into whatever United States EB-5 program they are paid to sell.

269. Ali Herischi admitted his role in the scheme and his receipt of secret, undisclosed kickbacks, despite owing a fiduciary duty to be a neutral attorney to the Iranian Victims. See Exhibit "N."

270. Plaintiffs, now unable to enter the United States, are in need of some good news and a helping hand. Most investors are of average means and had to spend their entire lifesavings or take high interest bank loans to afford this investment.

271. Plaintiffs ask the Court for all necessary and appropriate relief, in law and equity, so that they may attempt to recover their stolen funds and begin rebuilding their lives.

COUNT I – Injunctive Relief Against All Defendants Under Fla. Stat. §§812.035(1),(6)

272. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

273. Each Plaintiff provided \$500,000 plus \$40,000 for administrative fees. Further, certain Plaintiffs also provided \$15,000 for legal services.

274. Walsh is guilty of theft in violation of §812.014(1)(a), Fla. Stat., as he knowingly obtained or used, or endeavored to obtain or use, the property of Plaintiffs with intent to, either temporarily or permanently deprive the Plaintiffs of a right to the property or a benefit from the property.

275. Alternatively, Walsh is guilty of theft in violation of §812.014(1)(b), Fla. Stat., as he knowingly obtained or used, or endeavored to obtain or use, the property of Plaintiffs with intent to, either temporarily or permanently appropriate the property to his own use or to the use of any person not entitled to the use of the property.

276. Walsh stole Plaintiffs' property from the Escrow Account and transferred it to the Second PNC Account and the Evans Account for distribution among his conspirators, the Bad Actors, which include Walsh Jr., Payne, Derrico, Cheng, Kevin Wright, David Levinson, Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, Nicholas Laudano, Ali Herischi, Ali Soltani, KK-PB Financial LLC, and entities they own and/or control.

277. The Bad Actors either engaged in such activities in concert with Walsh, aided and abetted the illicit actions, or are otherwise unlawfully in possession of the property of Plaintiffs.

278. By Walsh's actions, Plaintiffs have been deprived of the right and benefit to their property.

279. Walsh, acting in conspiracy with the other Bad Actors, has misappropriated Plaintiffs' property for his own use and the use of the other Bad Actors, which use they are not entitled to receive.

280. Walsh's actions have been taken with the criminal intent to deprive Plaintiffs of their property, and Walsh's actions are in direct violation of §812.014 of the Florida Statutes.

281. The Bad Actors have taken and are taking actions to dissipate the funds and other assets which were obtained, in whole or in part, by using the funds stolen from Plaintiffs.

282. In the absence of immediate injunctive relief, Plaintiffs will suffer irreparable damage and harm and there is, and will continue to be, an immediate danger of significant loss and continued harm to Plaintiffs.

283. It is clearly in the public interest to enter immediate temporary injunctive relief and permanent injunctive relief restraining Walsh, the other Bad Actors, and anyone else that has received Plaintiffs' stolen property from secreting or disposing of Plaintiffs' funds and from disposing of real property obtained or improved through the use of unlawfully obtained proceeds. The entry of an injunction will serve to enforce the legal rights of Plaintiffs and will promote the public interest by restraining Walsh and the other Bad Actors from engaging in such unlawful conduct, and by preventing them from further benefiting from the unlawful conduct.

WHEREFORE, pursuant to Florida Statutes §§812.035(1),(6), Plaintiffs seek a preliminary and permanent injunction restraining Walsh, the other Bad Actors, and their agents,

relatives, family members, servants, employees and attorneys (including the Evans Defendants) and those persons in active concert or participation with them or who have received or retained any of the proceeds of Walsh's actions who receive actual notice of the injunction from disposing of or secreting any proceeds of Walsh's alleged illegal activity, from disposing of or secreting any reasonably contain or be proceeds of Walsh's alleged illegal activity, from disposing of or secreting any property or real property that may reasonably have been purchased with proceeds of Walsh's alleged illegal activity and, further, from impairing, transferring, disposing, or otherwise diminishing the value of any such property, or from stripping the equity of such property via mortgages or otherwise. Plaintiffs further request that the Court freeze any accounts in which the Bad Actors and/or any entity they own and/or control has an interest, and impose by temporary and permanent injunctive relief a constructive trust upon the proceeds of Walsh's illegal conduct and grant Plaintiffs such other and further relief which may be appropriate under the circumstances.

COUNT II – Dissolution of Palm House Hotel LLLP

284. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

285. Palm House is a Florida limited liability limited partnership and is governed by the Florida Revised Uniform Limited Partnership Act of 2005, which is contained in Florida Statutes Chapter 620.

286. Plaintiffs are limited partners in Palm House.

287. Pursuant to Fla. Stat. §620.1802, on application by a partner, the circuit court may order the dissolution of a limited partnership if it is not reasonably practicable to carry on the activities of the limited partnership in conformity with the partnership agreement.

288. As described above, despite the myriad representations in the Offering Documents and the Palm House Limited Partnership Agreement that Plaintiffs' funds will remain in escrow unless and until their I-526 applications were approved by USCIS, Walsh stole the money and thereafter distributed it among his conspirators.

289. With all the funds now stolen from the Escrow Account, and the Palm House Hotel project exposed as nothing more than a façade for a massive criminal scheme, it is not reasonably practicable to carry on the activities of the limited partnership.

290. Additionally, it is necessary to remove the Bad Actors who perpetrated the fraud and theft on Plaintiffs from the management of Palm House, as they are now purporting to pursue legal claims and seek redress -- for their own criminal wrongdoing -- on behalf of Palm House. However, this litigation is merely a continuation of the fraud, in which the Bad Actors are attempting to cleanse their own conduct by bringing weak and/or neutered claims against each other, with the apparent plan of "settling" them on the merits with little to no benefit to the actual victims, Plaintiffs.

291. Further, the current management of Palm House has proven that they cannot be trusted, as they have defrauded and lulled Plaintiffs for years with lies that all was well, even mischaracterizing the character and nature issues in the pending litigation.

292. Walsh, Payne and SARC should be removed from the wind up of Palm House and the prosecution of legal claims on behalf of Palm House.

293. New, independent decision makers and counsel that will actually pursue justice on behalf of the victims should be installed at Palm House.

294. Accordingly, pursuant to Fla. Stat. §620.1803(4), on the basis of the good cause demonstrated herein, Plaintiffs ask the Court to order judicial supervision of the winding up of

Palm House, and the appointment of a person to wind up Palm House's activities, including the prosecution of claims on behalf of Palm House.

295. Alternatively, dissolution and wind up of Palm House is appropriate under Article X of the Palm House Limited Partnership Agreement.

WHEREFORE, pursuant to §620.1802 and §620.1803 of the Florida Statutes, Plaintiffs seek the dissolution and wind up of Palm House Hotel LLLP, judicial supervision of the wind up, the appointment of a person to wind up Palm House's activities, including the prosecution of claims on behalf of Palm House, and such other and further relief as the Court deems just and proper.

<u>COUNT III – Conversion Against All Defendants (excluding Palm House)</u>

296. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

297. The Bad Actors and Evans Defendants' improper taking and retention of property and payments which belong to Plaintiffs gives rise to a claim for conversion in that the Bad Actors and Evans Defendants have, without authorization, asserted dominion and control over the funds which are the specifically identifiable property of Plaintiffs and are or were the property of Plaintiffs and which were owned or payable to Plaintiffs. The Bad Actors and Evans Defendants' conversion is inconsistent with Plaintiffs' rights and ownership to said property.

298. The payments and property wrongfully converted by the Bad Actors and Evans Defendants are specific and identifiable.

299. By virtue of the Bad Actors and Evans Defendants' repeated and continued misappropriation and conversion of Plaintiffs' property, they have caused Plaintiffs substantial damage.

300. Many of the Plaintiffs have made a demand for the return of their property, but the funds have not been returned. Moreover, a demand for the return of Plaintiffs' funds would be futile. The Bad Actors and Evans Defendants have been confronted with the fact that they stole and converted Plaintiffs' property, but have failed to return all of the property to Plaintiffs.

WHEREFORE, Plaintiffs demand judgment against the Bad Actors and Evans Defendants for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just under the circumstances. Further, Plaintiffs request that the Court impose, by temporary and permanent injunctive relief, a constructive trust upon the proceeds of the Bad Actors and Evans Defendants' wrongful conduct.

<u>COUNT IV – Fraud in the Inducement Against SARC, USREDA, Walsh, Walsh Jr.,</u> <u>Payne, Derrico, JJW Consultancy Ltd., Cheng, Wright, Levinson, and Robert</u> Matthews

301. The Chinese Victims adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

302. As specifically described above, SARC, USREDA, Walsh, Walsh Jr., Payne, and Derrico made knowingly false statements concerning material facts in the Offering Documents and the USCIS Approval.

303. JJW Consultancy Ltd., Cheng, Wright, and Levinson adopted and sold the representations in the Offering Documents and the USCIS Approval when selling the Palm House Hotel project to the Chinese Victims.

304. In China, SARC, USREDA, Walsh, Walsh Jr., JJW Consultancy, Ltd., Cheng, Wright, and Levinson also used the PowerPoint Presentation, which contained knowingly false statements concerning material facts, when they sold the Palm House Hotel project to the Chinese Victims.

305. Additionally, as specifically described above, Wright, Levinson and Robert Matthews made knowingly false oral statements concerning material facts when they sold the Palm House Hotel project to the Chinese Victims in Palm Beach.

306. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy, Ltd., Cheng, Wright, Levinson, and Robert Matthews knew that their representations were false, and intended that the Chinese Victims rely upon the representations and be induced by them to invest their money into Palm House.

307. SARC, USREDA, Walsh, Walsh Jr., Payne, JJW Consultancy, Ltd., Cheng, Derrico, Wright, Levinson, and Robert Matthews knew that there was no intention to hold the Chinese Victims' funds in the Escrow Account unless and until their I-526 applications were approved by USCIS.

308. The notion of an escrow was intended to enable the fraud and theft by giving the Chinese Victims the assurance that their money was safe, and that it would only be used if and when their I-526 application for an EB-5 visa was approved, and then only after approximately \$50,000,000 in developer funding and bank financing had been used.

309. Instead, there was no developer equity, there was no bank loan, the I-526 applications were properly denied, no jobs were created at Palm House, and the Chinese Victims' funds were stolen from the Escrow Account.

310. The Chinese Victims relied upon these representations and have been damaged.

WHEREFORE, the Chinese Victims demand judgment against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy Ltd., Cheng, Wright, Levinson, and Robert Matthews for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

<u>COUNT V – Fraud in the Inducement Against SARC, USREDA, Walsh, Walsh Jr.,</u> <u>Payne, Derrico, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington</u> <u>Marketing LLC</u>

311. The Iranian Victims adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

312. As specifically described above, SARC, USREDA, Walsh, Walsh Jr., Payne, and Derrico made knowingly false statements concerning material facts in the Offering Documents.

313. Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC adopted and sold the representations in the Offering Documents when selling the Palm House Hotel project to the Iranian Victims.

314. Additionally, Walsh, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC made knowingly false oral statements concerning material facts when they sold the Palm House Hotel project to the Iranian Victims.

315. Ali Herischi and Herischi & Associates LLC also failed to disclose to their clients, the Iranian Victims, that they were receiving secret, undisclosed kickbacks of \$40,000 for each investor they delivered into the Palm House Hotel project.

316. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC knew that their representations were false, and intended that the Iranian Victims rely upon the representations and be induced by them to invest their money into Palm House.

317. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC knew that there was no intention to hold the Iranian Victims' funds in the Escrow Account unless and until their I-526 applications were approved by USCIS.

318. The notion of an escrow was intended to enable the fraud and theft by giving the Iranian Victims the assurance that their money was safe, and that it would only be used if and when their I-526 application for an EB-5 visa was approved, and then only after approximately \$50,000,000 in developer funding and bank financing had been used.

319. Instead, there was no developer equity, there was no bank loan, the I-526 applications were properly denied, no jobs were created at Palm House, and the Iranian Victims' funds were stolen from the Escrow Account.

320. The Iranian Victims relied upon these representations and have been damaged.

WHEREFORE, the Iranian Victims demand judgment against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

<u>COUNT VI – Fraud Against SARC, USREDA, Walsh, Walsh Jr., Payne, JJW</u> <u>Consultancy Ltd., Cheng, Wright and Levinson</u>

321. The Chinese Victims adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

322. As specifically described above, after the Chinese Victims provided their investments in Palm House, Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Cheng, Wright and Levinson engaged in an ongoing fraud intended to lull the Chinese Victims into not bringing legal action, not reporting the Palm House project to law enforcement, and not otherwise seeking to protect their interests or disrupt the criminal scheme.

323. Among the many knowingly false statements concerning material facts that Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Cheng, Wright and Levinson made to the Chinese Victims:

- (a) USCIS had made a mistake, that one of the top 500 attorneys in the United States had been hired to appeal USCIS's denial decision, and that they were certain it would get reversed.
- (b) There were no problems with the Palm House Hotel project, and all the Chinese Victims need to do is wait.
- (c) The Palm House Hotel would be open within 6 months.
- (d) The Palm House Hotel real property was not in foreclosure.
- (e) 100% of the EB-5 money raised was actually used for construction at the Palm House Hotel.
- (f) The SEC had already investigated the developer of the Palm House Hotel project.
- (g) The SEC had investigated the Palm House Hotel project and found it "to be clean."
- (h) The Palm House Hotel, in its current state, was worth \$93,000,000-\$100,000,000.
- (i) The Palm House Hotel, once completed, would be worth \$144,000,000.
- (j) The Palm House Hotel's value would more than cover the two (2) mortgages, which included the \$27,500,000 mortgage in favor of Defendant KK-PB Financial LLC.
- 324. Walsh, Walsh Jr., Payne, SARC, USREDA, JJW Consultancy Ltd., Cheng,

Wright and Levinson knew that their representations were false, and intended that the Chinese Victims rely upon the representations and be induced by them to not take action to disrupt the criminal scheme.

325. The Chinese Victims relied upon these representations and have been damaged.

WHEREFORE, the Chinese Victims demand judgment against Walsh, Walsh Jr., Payne,

SARC, USREDA, JJW Consultancy Ltd., Cheng, Wright and Levinson for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

<u>COUNT VII – Fraud Against SARC, USREDA, Walsh, Walsh Jr., Payne, Ali Herischi</u> <u>and Herischi & Associates LLC</u>

326. The Iranian Victims adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

327. As specifically described above, after the Iranian Victims provided their investments in Palm House, SARC, USREDA, Walsh, Walsh Jr., Payne, Ali Herischi and Herischi & Associates LLC made knowingly false statements concerning material facts and engaged in an ongoing fraud intended to lull the Iranian Victims into not bringing legal action, not reporting the Palm House project to law enforcement, and not otherwise seeking to protect their interests or disrupt the criminal scheme.

328. Among the many knowingly false statements concerning material facts that SARC, USREDA, Walsh, Walsh Jr., Payne, Ali Herischi and Herischi & Associates LLC made to the Iranian Victims:

- (a) USCIS had made a mistake, that one of the top 500 attorneys in the United States had been hired to appeal USCIS's denial decision, and that they were certain it would get reversed.
- (b) That the litigation in Florida was undertaken to try to strengthen the USCIS appeal and that they were "nearly there"
- (c) That the litigation in Florida was brought because the developer and the contractor had made changes to the plans and specifications of the Palm House Hotel project without getting necessary governmental approvals.
- (d) There were no problems with the Palm House Hotel project, and all the Iranian Victims need to do is wait.
- 329. SARC, USREDA, Walsh, Walsh Jr., Payne, Ali Herischi and Herischi &

Associates LLC knew that their representations were false, and intended that the Iranian Victims

rely upon the representations and be induced by them to not take action to disrupt the criminal scheme.

330. The Iranian Victims relied upon these representations and have been damaged.

WHEREFORE, the Iranian Victims demand judgment against SARC, USREDA, Walsh,

Walsh Jr., Payne, Ali Herischi and Herischi & Associates LLC for damages, punitive damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

<u>COUNT VIII - Aiding and Abetting Fraud Against Robert Matthews, Maria a/k/a Mia</u> <u>Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano</u>

331. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 and 301 through 320 as if fully stated fully herein.

332. As specifically described above, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, JJW Consultancy Ltd., Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC committed a fraud against Plaintiffs.

333. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano had knowledge that a fraud had been committed upon Plaintiffs.

334. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano knowingly aided and abetted the commission of the fraud against Plaintiffs.

335. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano knew that the loan to Palm House LLC was conditioned on the approval of Plaintiffs' I-526 petitions.

336. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano knew that the loan to Palm House LLC was supposed to be used solely for the renovation and development of the Palm House Hotel.

337. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano substantially assisted or encouraged SARC, USREDA, Walsh, Walsh Jr.,

Payne, Derrico, JJW Consultancy Ltd., Wright, Levinson, Ali Herischi, Herischi & Associates LLC, Ali Soltani, and Washington Marketing LLC to commit fraud as alleged herein and profited therefrom.

338. Plaintiffs were damaged by the actions of Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano.

WHEREFORE, Plaintiffs demand judgment against Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano, jointly and severally, for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

COUNT IX – Breach of Fiduciary Duty Against SARC, Walsh, and Payne

339. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

340. Walsh and Payne owed Plaintiffs a fiduciary duty and other implied duties arising from their service as general partners of Palm House, including the duties of loyalty and care.

341. SARC also owed Plaintiffs a fiduciary duty and other implied duties, including the duties of loyalty and care, as it purported to act as the general partner on behalf of Palm House.

342. Moreover, Plaintiffs reposed their trust and confidence in SARC, Walsh, and Payne, which they accepted. Plaintiffs were dependent on SARC, Walsh, and Payne and their purported expertise in the United States EB-5 visa program, and SARC, Walsh, and Payne knowingly undertook and accepted the duty to advise, counsel, and protect Plaintiffs.

343. Walsh, Payne and SARC's duty of loyalty included the duty to account and hold as trustee any property derived by the general partner in the conduct of the limited partnership's activities.

344. Walsh, Payne and SARC's duty of care included the duty to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law.

345. Walsh, Payne and SARC, by stealing and/or allowing Plaintiffs' funds to be stolen from the Escrow Account, in derogation of the written and oral representations that the funds would be held in escrow pending USCIS' approval of Plaintiffs' I-526 applications, breached their fiduciary duties to Plaintiffs.

346. Walsh, Payne and SARC's knowingly false statements concerning material facts about the Palm House Hotel project, including statements regarding the status of construction, the status of the I-526 petitions, and the status and nature of pending litigation, breached their fiduciary duties to Plaintiffs.

347. Walsh, Payne, and SARC's breach of their fiduciary duties have caused Plaintiffs substantial damage.

WHEREFORE, Plaintiffs demand judgment against SARC, Walsh, and Payne for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

COUNT X - Breach of Fiduciary Duty Against Herischi and Herischi & Associates LLC

348. The Iranian Victims adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

349. Ali Herischi and his law firm, Herischi & Associates LLC, were the attorneys and advisors for the Iranian Victims.

350. As part of the attorney-client relationship, Herischi and Herischi & Associates LLC were in a fiduciary relationship with the Iranian Victims and owed the Iranian Victims a fiduciary duty.

351. The Iranian Victims reposed their trust and confidence in Herischi and Herischi & Associates LLC, which they accepted. The Iranian Victims were dependent on Herischi and Herischi & Associates LLC and their purported expertise in the United States EB-5 visa program, and Herischi knowingly undertook the duty to advise, counsel, and protect the Iranian Victims.

352. The Iranian Victims trusted Herischi and Herischi & Associates LLC to look out for their best interests and to provide truthful and fully disclosed advice.

353. Herischi and Herischi & Associates LLC, however, made knowingly false statements concerning material facts to the Iranian Victims to induce them to invest in the Palm House Hotel project.

354. Further, Herischi and Herischi & Associates LLC received secret, undisclosed kickbacks of \$40,000 per investor in return for delivering the Iranian Victims into the Palm House Hotel fraud.

355. Herischi and Herischi & Associates LLC later admitted their breach of fiduciary duty in a letter in which confessed that they had received secret kickbacks and were parties to an undisclosed "referral arrangement."

356. Herischi and Herischi & Associates LLC's breach of fiduciary duty has caused the Iranian Victims substantial damage.

WHEREFORE, the Iranian Victims demand judgment against Herischi and Herischi & Associates LLC for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

<u>COUNT XI – Aiding and Abetting Breach of Fiduciary Duty Against Robert Matthews,</u> <u>Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano</u>

357. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 and 339 through 347 as if fully stated fully herein.

358. SARC, Walsh, and Payne owed Plaintiffs fiduciary duties.

359. SARC, Walsh, and Payne breached their fiduciary duties to Plaintiffs.

360. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano had knowledge that SARC, Walsh, and Payne breached their fiduciary duties to Plaintiffs, including the duty to hold Plaintiffs' funds in the Escrow Account unless and until their I-526 applications were approved.

361. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano knowingly aided and abetted the commission of the breach of fiduciary duty against Plaintiffs.

362. Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano substantially assisted or encouraged SARC, Walsh, and Payne to breach their fiduciary duties.

363. Plaintiffs were damaged by the actions of Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano.

WHEREFORE, Plaintiffs demand judgment against Robert Matthews, Maria a/k/a Mia Matthews, Gerry Matthews, Ryan Black, and Nicholas Laudano, jointly and severally, for damages, punitive damages, costs, interest, prejudgment interest, and such other relief as the Court deems proper.

<u>COUNT XII - Avoidance of Fraudulent Transfers Pursuant to Fla. Stat. §726.105 (1)(a)</u> <u>Against All Defendants (excluding Palm House)</u>

364. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

365. Walsh, without the knowledge, consent, or approval of Plaintiffs, stole Plaintiffs' funds and distributed them to Walsh's conspirators and their entities.

366. Under Florida Statute § 726.105(1)(a), a transfer made or obligation incurred by a debtor is fraudulent as to a creditor, whether the creditor's claim arose before or after the transfer was made or the obligation was incurred, if the debtor made the transfer or incurred the obligation with the actual intent to hinder, delay, or defraud and creditor of the debtor.

367. As the funds and assets at issue were stolen by Walsh from Plaintiffs, Plaintiffs have claims against Walsh which pre-dated the fraudulent transfers and are "Creditors" within the meaning of § 726.102(4), Fla. Stat.

368. Walsh is a "Debtor" within the meaning of § 726.102(6), Fla. Stat.

369. At the time Defendants received the transfers as set forth herein, there existed significant, unpaid claims of the Plaintiffs against Walsh.

370. The transfers were made with the actual intent to hinder, delay, and defraud Plaintiffs as creditors of Walsh.

371. The transfers were made under circumstances demonstrating an unlawful intent as set forth in §726.105(2), Fla. Stat., because, among other things: (i) the transfers were to insiders; (ii) the transfers were concealed; (iii) the debtor retained control over many of the transferred

assets; (iv) the transfer was of substantially all of the debtor's assets; (v) the debtor removed or concealed assets; and (vi) the debtor absconded.

372. Florida Statutes § 726.108 provides that, in an action for relief against a transferee

under § 726.105, a creditor may obtain:

- a. avoidance of the transfer to the extent necessary to satisfy the creditor's claim;
- b. an attachment or other provisional remedy against the asset transferred or other property of the transferee in accordance with applicable law;
- c. an injunction against further disposition by the transferee of the asset transferred or of other property;
- d. appointment of a receiver to take charge of the asset transfer or other property; or
- e. any other relief the circumstances may require.

373. In addition to the relief available to the Plaintiffs under Florida Statute § 726.108,

Plaintiffs also are entitled to a money judgment equal to the value of the assets transferred including pre-judgment interest.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against Defendants (excluding Palm House) in an amount equal to the value of the assets transferred from Walsh to Defendants, and award Plaintiffs pre-judgment interest and any other remedies the Court deems just and proper including, without limitation, and any or all of the remedies provided under Florida Statutes Chapter 726.

<u>COUNT XIII - Avoidance of Fraudulent Transfers Pursuant to Fla. Stat. §726.105 (1)(b)</u> <u>Against All Defendants (excluding Palm House)</u>

374. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.
375. Walsh, without the knowledge, consent, or approval of Plaintiffs, stole Plaintiffs' funds and distributed them to Walsh's conspirators and their entities.

376. Under Florida Statutes § 726.105(1)(b), a transfer made or obligation incurred by a debtor is fraudulent as to a creditor, whether the creditor's claim arose before or after the transfer was made or the obligation was incurred, if the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation, and the debtor: (i) was engaged or was about to engage in a business or transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction; or (ii) intended to incur, or believed or reasonably should have believed that he or she would incur debts beyond his or her ability to pay as they became due.

377. As the funds and assets at issue were stolen by Walsh from Plaintiffs, Plaintiffs have claims against Walsh which pre-dated the fraudulent transfers and are "Creditors" within the meaning of § 726.102(4), Fla. Stat.

378. Walsh transferred Plaintiffs' funds to Defendants without receiving a reasonably equivalent value in exchange.

379. Walsh's theft from Plaintiffs were so significant that he believed, or reasonably should have believed, that the debts he was incurring or had incurred as a result of these thefts were beyond his capacity to repay and knew or should have known at the time he made the transfers to his conspirators and their entities that he would be unable to pay back what was owed to Plaintiffs.

380. Walsh is a Debtor within the meaning of § 726.102(6), Fla. Stat.

381. At the time Defendants received the transfers as set forth herein, there existed significant, unpaid claims of Plaintiffs against Walsh.

382. Florida Statutes § 726.108 provides that, in an action for relief against a transferee

under § 726.105, a creditor may obtain:

- a. avoidance of the transfer to the extent necessary to satisfy the creditor's claim;
- b. an attachment or other provisional remedy against the asset transferred or other property of the transferee in accordance with applicable law;
- c. an injunction against further disposition by the transferee of the asset transferred or of other property;
- d. appointment of the receiver to take charge of the asset transfer or other property; or
- e. any other relief the circumstances may require

383. In addition to the relief available to Plaintiffs under Florida Statutes §726.108, Plaintiffs also are entitled to a money judgment equal to the value of the assets transferred including pre-judgment interest.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against Defendants (excluding Palm House) in an amount equal to the value of the assets transferred from Walsh to Defendants, awarding pre-judgment interest, and any other remedies the Court deems just and proper including, without limitation, any or all of the remedies provided for under Florida Statutes Chapter 726.

<u>COUNT XIV - Avoidance of Fraudulent Transfers Pursuant to Fla. Stat. §726.106</u> <u>Against All Defendants (excluding Palm House)</u>

384. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

385. Walsh, without the knowledge, consent, or approval of Plaintiffs, stole Plaintiffs' funds and distributed them to Walsh's conspirators and their entities.

386. Under Florida Statutes § 726.106, a transfer made or obligation incurred by a debtor is fraudulent as to a creditor, whose claim arose before the transfer was made or the obligation was incurred if the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation and the debtor was insolvent at the time or the debtor became insolvent as a result of the transfer or obligation.

387. As the funds and assets at issue were stolen by Walsh, from Plaintiffs, Plaintiffs have claims against Walsh which pre-dated the fraudulent transfers and are "Creditors", within the meaning of § 726.102(4), Fla. Stat.

388. Walsh is a "Debtor" within the meaning of § 726.102(6), Fla. Stat.

389. At the time the Defendants received the transfers as set forth herein, there existed significant, unpaid claims of Plaintiffs against Walsh.

390. The transfers made by Walsh were made without receiving a reasonably equivalent value in exchange for the transfer and Walsh, because of the amounts stolen from Plaintiffs, was insolvent or became insolvent as a result of these transfers.

391. Florida Statute § 726.108 provides that, in an action for relief against a transferee under § 726.106, a creditor may obtain:

- a. avoidance of the transfer to the extent necessary to satisfy the creditor's claim;
- b. an attachment or other provisional remedy against the asset transferred or other property of the transferee in accordance with applicable law;
- c. an injunction against further disposition by the transferee of the asset transferred or of other property;
- d. appointment of a receiver to take charge of the asset transfer or other property; or
- e. any other relief the circumstances may require.

392. In addition to the relief available to the Plaintiffs under Florida Statute § 726.108, Plaintiffs also are entitled to a money judgment equal to the value of the assets transferred including pre-judgment interest.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against Defendants (excluding Palm House) in an amount equal to the value of the assets transferred from Walsh to Defendants, and award Plaintiffs pre-judgment interest and any other remedies the Court deems just and proper including, without limitation, any or all of the remedies provided for under Florida Statutes Chapter 726.

<u>COUNT XV –Violation of Florida Securities and Investor Protection Act, Fla. Stat.</u> <u>§517.011 et seq. Against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng,</u> <u>Wright, Levinson, and Robert Matthews</u>

393. The Chinese Victims adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

394. This is an action for violations of the Florida Securities and Investor Protection Act ("FSIPA"), Fla. Stat. Section 517.011 et seq.

395. Pursuant to Fla. Stat. Section 517.301(1)(a), it is unlawful and a violation of FSIPA for a person, in connection with the rendering of any investment advice or in connection with the offer, sale, or purchase of any investment or security, including any security exempted under the provisions of Section 517.051 and including any security sold in a transaction exempted under the provisions of Section 517.061, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

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396. It is also unlawful to knowingly and willfully falsify, conceal, or cover up, by any trick, scheme, or device, a material fact, make any false, fictitious, or fraudulent statement or representation, or make or use any false writing or document, knowing the same to contain any false, fictitious, or fraudulent statement or entry. Fla. Stat. Section 517.301(1)(c).

397. Pursuant to Fla. Stat. Section 517.211(2), any person purchasing or selling a security in violation of Section 517.301, and every director, officer, partner, or agent of or for the purchaser or seller, if the director, officer, partner, or agent has personally participated or aided in making the sale or purchase, is jointly and severally liable to the person selling the security to or purchasing the security from such person in an action for rescission, if the plaintiff still owns the security, or for damages, if the plaintiff has sold the security.

398. A purchaser may recover the consideration paid for the security or investment, plus interest thereon at the legal rate, less the amount of income received by the purchaser on the security or investment, in addition to an award of prevailing party attorneys' fees. <u>See</u> Fla. Stat. Section 517.211(3).

399. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews employed a scheme to defraud the Chinese Victims into making an investment in Palm House.

400. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews obtained the Chinese Victims' money by means of untrue statements of material facts, including the Escrow Representation.

401. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews engaged in transactions, practices and a course of business that operated as a fraud on the Chinese Victims.

402. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews acted with scienter, and knew that their representations were false, and intended that the Chinese Victims rely upon the representations and be induced by them to invest their money into Palm House.

403. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews knew there was no intention to hold the Chinese Victims' funds in the Escrow Account unless and until their I-526 applications were approved by USCIS.

404. The Chinese Victims relied upon the representations of SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews in making their investments into Palm House, and have been damaged.

405. The Chinese Victims tender their investments in Palm House.

406. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews all participated or aided in making the sale of the Palm House investment to the Chinese Victims that resulted in a direct harm to the Chinese Victims.

WHEREFORE, the Chinese Victims respectfully request that the Court enter judgment in favor of the Chinese Victims and against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Cheng, Wright, Levinson, and Robert Matthews, jointly and severally, for rescission, attorneys' fees pursuant to Fla. Stat. Section 517.211, interest, costs, and such other relief that the Court deems just and proper including, without limitation, any or all of the remedies provided for under the Florida Securities and Investor Protection Act, Fla. Stat. Section 517.011 et seq.

<u>COUNT XVI</u> –Violation of Florida Securities and Investor Protection Act, Fla. Stat. <u>§517.011 et seq. Against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and</u> <u>Herischi</u>

407. The Iranian Victims adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

408. This is an action for violations of the Florida Securities and Investor Protection Act ("FSIPA"), Fla. Stat. Section 517.011 et seq.

409. Pursuant to Fla. Stat. Section 517.301(1)(a), it is unlawful and a violation of FSIPA for a person, in connection with the rendering of any investment advice or in connection with the offer, sale, or purchase of any investment or security, including any security exempted under the provisions of Section 517.051 and including any security sold in a transaction exempted under the provisions of Section 517.061, directly or indirectly

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

410. It is also unlawful to knowingly and willfully falsify, conceal, or cover up, by any trick, scheme, or device, a material fact, make any false, fictitious, or fraudulent statement or representation, or make or use any false writing or document, knowing the same to contain any false, fictitious, or fraudulent statement or entry. Fla. Stat. Section 517.301(1)(c).

411. Pursuant to Fla. Stat. Section 517.211(2), any person purchasing or selling a security in violation of Section 517.301, and every director, officer, partner, or agent of or for the purchaser or seller, if the director, officer, partner, or agent has personally participated or aided in making the sale or purchase, is jointly and severally liable to the person selling the security to or purchasing the security from such person in an action for rescission, if the plaintiff still owns the security, or for damages, if the plaintiff has sold the security.

412. A purchaser may recover the consideration paid for the security or investment, plus interest thereon at the legal rate, less the amount of income received by the purchaser on the

security or investment, in addition to an award of prevailing party attorneys' fees. <u>See</u> Fla. Stat. Section 517.211(3).

413. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi employed a scheme to defraud the Iranian Victims into making an investment in Palm House.

414. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi obtained the Iranian Victims' money by means of untrue statements of material facts, including the Escrow Representation.

415. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi engaged in transactions, practices and a course of business that operated as a fraud on the Iranian Victims.

416. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi acted with scienter, and knew that their representations were false, and intended that the Iranian Victims rely upon the representations and be induced by them to invest their money into Palm House.

417. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi knew there was no intention to hold the Iranian Victims' funds in the Escrow Account unless and their I-526 applications were approved by USCIS.

418. The Iranian Victims relied upon the representations of SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi in making their investments into Palm House, and have been damaged.

419. The Iranian Victims tender their investments in Palm House.

420. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi all participated or aided in making the sale of the Palm House investment to the Iranian Victims that resulted in a direct harm to the Iranian Victims.

WHEREFORE, the Iranian Victims respectfully request that the Court enter judgment in favor of the Iranian Victims and against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, and Herischi, jointly and severally, for rescission, attorneys' fees pursuant to Fla. Stat. Section 517.211, interest, costs, and such other relief that the Court deems just and proper including, without limitation, any or all of the remedies provided for under the Florida Securities and Investor Protection Act, Fla. Stat. Section 517.011 et seq.

<u>COUNT XVII – Unjust Enrichment Against All Defendants</u>

421. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

422. As a result of the unlawful actions of Walsh, Plaintiffs have conferred a benefit on Defendants in the form of assets taken from Plaintiffs and given to Defendants or by Defendants' acquisition of assets or real property acquired using funds unlawfully obtained from Plaintiffs.

423. Defendants were aware of the benefits conferred on them by Plaintiffs, and have been unjustly enriched by the benefits.

424. Defendants voluntarily accepted and retained the benefits conferred on them.

425. The circumstances are such that it would be inequitable for Defendants to retain the benefits obtained by them as a result of the actions of Walsh and the Bad Actors.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against Defendants for the value of the benefits wrongfully obtained by Defendants, awarding and imposing upon Defendants a constructive trust upon the proceeds of the wrongful and/or illegal activities, imposing equitable relief requiring Defendants to turn over the assets obtained using the funds unlawfully taken from Plaintiffs, and granting such other and further relief as the Court deems just and proper.

<u>COUNT XVIII – Violation of Florida Deceptive and Unfair Trade Practices Act, Fla. Stat.</u> §501.201 et seq., Against All Defendants (excluding Palm House and the Evans Defendants)

426. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

427. After SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Herischi committed securities fraud, the Bad Actors committed separate, independent, unfair and deceptive acts against Plaintiffs.

428. The Florida Deceptive and Unfair Trade Practices Act ("<u>FDUTPA</u>") broadly prohibits all "[u]nfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade of commerce." § 501.204(1), Fla. Stat.

429. The Bad Actors engaged in trade and/or commerce within the meaning of FDUTPA.

- 430. Plaintiffs were consumers under FDUTPA.
- 431. The Bad Actors engaged in deceptive and unfair trade practices in violation of

FDUTPA, as more fully explained above, including but not limited to:

- (a) Removing Plaintiffs' funds from the Escrow Account before Plaintiffs' I-526 petitions were approved by USCIS;
- (b) Upon information and belief, engaging in a scheme whereby Plaintiffs' funds were moved between accounts before being deposited in a trust account controlled by the Evans Defendants, in an attempt to hide the fact that the funds belonged to Plaintiffs;
- (c) Providing Plaintiffs' funds to Palm House LLC before Plaintiffs' I-526 petitions were approved by USCIS;
- (d) Using Plaintiffs' funds for non-allowable purposes, i.e. purposes not related to the renovation or development of the Palm House Hotel;
- (e) Engaging in a systematic scheme to loot Plaintiffs' funds, transfer and hide them among multiple accounts, distribute them among the conspirators and entities they owned and/or controlled, and use them to purchase goods, real property and other items to personally benefit the Bad Actors; and

(f) Continually lulling and lying to Plaintiffs about the status of the Palm House Hotel project, the status and character of the litigation relating to the project, the status of the I-526 petition approvals, and such other frauds and falsehoods that were told to Plaintiffs while their funds were stolen and dissipated, in an effort to prevent Plaintiffs from bringing a lawsuit, alerting law enforcement or otherwise interfering with the Bad Actors' scheme.

432. Plaintiffs suffered actual economic damages as a direct result of the Bad Actors' deceptive and unfair trade practices.

433. Plaintiffs are also entitled to recover their attorneys' fees pursuant to Fla. Stat. Section 501.2105.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against the Bad Actors for damages, interest, costs, attorneys' fees pursuant to Fla. Stat. Section 501.2105, and such other relief that the Court deems just and proper.

COUNT XIX – Equitable Accounting Against All Defendants

434. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

435. A fiduciary relationship existed between Plaintiffs and Palm House, Walsh, Payne, and SARC.

436. Further, the fraud and theft perpetrated upon Plaintiffs was an extensive, complex transaction, whereby Plaintiffs' funds were transferred between and among many accounts, laundered through numerous entities, and ultimately used for personal, inappropriate purposes.

437. Plaintiffs' funds, which were transferred from the Escrow Account without any authorization from Plaintiffs, and the subsequent unauthorized transfers and transactions involving these funds, are so involved and complicated that a remedy at law is insufficient to administer complete justice.

438. Plaintiffs are entitled to receive information regarding transactions involving any of the funds traceable to Plaintiffs.

439. Plaintiffs have requested information on the transfers of their funds, transactions involving their funds, and the present location of their funds, which has not been provided.

WHEREFORE, Plaintiffs respectfully request that this Court order Defendants to provide a full and complete accounting of their finances, operations, and transactions involving any funds traceable to Plaintiffs, provide Plaintiffs with the location and amount of all accounts containing any funds traceable to Plaintiffs, provide Plaintiffs with the location and description of all property purchased with any funds traceable to Plaintiffs, impose a constructive trust over all amounts and profits to which Plaintiffs are determined to be entitled to, and to grant such other and further relief as the Court deems just and proper.

<u>COUNT XX – Civil Conspiracy Against All Defendants (excluding Palm House and the Evans Defendants)</u>

440. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

441. The Bad Actors are parties to a conspiracy.

442. There was an agreement between the Bad Actors to do an unlawful act or to do a lawful act by unlawful means, there were overt acts in furtherance of the conspiracy, and Plaintiffs were damaged as a result of acts done under the conspiracy.

443. As described above, the basis of the conspiracy is a fraud and theft of approximately \$50,000,000 of Plaintiffs' money, which are independent torts that give rise to causes of action if committed by one person.

444. The Bad Actors entered into a conspiracy and acted in concert to market a fraudulent investment scheme to Plaintiffs, steal their money, and then distribute and dissipate the money among themselves.

445. The Bad Actors acted with the full knowledge and awareness that the investment scheme was designed to fraudulently procure and steal Plaintiffs' funds under the guise of an EB-5 visa investment opportunity.

446. The Bad Actors acted contrary to law, acted according to a predetermined and commonly understood plan of action for the purpose of obtaining Plaintiffs' funds, and took overt acts in furtherance of the conspiracy.

447. There was a meeting of minds between and among the Bad Actors to commit the unlawful acts alleged herein.

448. Plaintiffs have suffered damage as a result of the conspiracy.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against the Bad Actors for damages, interest, cost, and such other relief that the Court deems just and proper.

<u>COUNT XXI – Constructive Fraud Against All Defendants (excluding Palm House and the</u> <u>Evans Defendants)</u>

449. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

450. A duty to Plaintiffs under a confidential or fiduciary relationship has been abused.

451. An unconscionable or improper advantage has been taken of Plaintiffs.

452. As specifically described above, a fraudulent scheme was perpetrated upon Plaintiffs, based upon knowingly false statements concerning material facts and concealment. 453. Plaintiffs relied upon the knowingly false statements concerning material facts and concealment, were induced to provide their investments, and have been damaged.

454. The fraudulent scheme perpetrated upon Plaintiffs was wrongful, and equitable interference is justified under these circumstances.

WHEREFORE, Plaintiffs demand judgment against the Bad Actors for damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just in the circumstances.

<u>COUNT XXII – Piercing the Corporate Veil Against SARC, USREDA and JJW</u> <u>Consultancy, Ltd.</u>

455. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

456. The corporate veils of SARC, USREDA, and JJW Consultancy, Ltd. should be pierced and Plaintiffs should be allowed to recover against their stockholders.

457. As described above, SARC, USREDA, and JJW Consultancy, Ltd. were employed for fraudulent or misleading purposes.

458. SARC, USREDA, and JJW Consultancy, Ltd. were the alter ego or mere instrumentality of their stockholders.

459. SARC, USREDA, and JJW Consultancy, Ltd. were employed in the fraudulent scheme as a means of creating an official, reputable looking façade, when in reality Walsh, Walsh Jr., Payne and others merely used these entities as their alter ego or as mere instrumentalities for their litany of lies, fraudulent representations, and other criminal acts.

460. Upon information and belief, the corporate formalities of SARC, USREDA, and JJW Consultancy, Ltd. were not respected, and money was moved in and out of these entities in furtherance of the criminal scheme described above.

WHEREFORE, Plaintiffs request that the Court pierce the corporate veils of SARC, USREDA, and JJW Consultancy, Ltd., award a judgment against those stockholders in favor of Plaintiffs for damages, costs, interest, prejudgment interest, and such other and further relief which is necessary and just under the circumstances.

<u>COUNT XXIII – Equitable Lien Against Robert Matthews</u>

461. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

462. Plaintiffs seek the imposition of a lien on Robert Matthews' home, located at 101 Casa Bendita, Palm Beach, Florida 33480 (the "<u>Home</u>").

463. As described above, Robert Matthews used fraud, misrepresentation, and deception to secure Plaintiffs' investments in the Palm House Hotel project.

464. Once Plaintiffs' investments in the Palm House Hotel project were obtained, Robert Matthews stole and used Plaintiffs' money to pay the mortgage on the Home.

465. Once Plaintiffs' investments in the Palm House Hotel project were obtained, Robert Matthews stole and used Plaintiffs' money to pay the property taxes on the Home.

466. A lien on the Home in favor of Plaintiffs is appropriate to prevent unjust enrichment or other inequities.

WHEREFORE, Plaintiffs request that the Court impose an equitable lien in favor of Plaintiffs on the home of Robert Matthews, located at 101 Casa Bendita, Palm Beach, Florida 33480, and grant such other and further relief which is necessary and just under the circumstances.

<u>COUNT XXIV – Equitable Lien Against 160 Royal Palm LLC and KK-PB Financial,</u> <u>LLC</u>

467. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

468. Since 2009, 160 Royal Palm, LLC has owned the real property located at 160 Royal Palm Way, Palm Beach, Florida, upon which the Palm House Hotel is located (the "<u>Real</u> <u>Property</u>").

469. Glenn Straub was the prior developer of the Palm House Hotel, and owned and/or controlled 160 Royal Palm, LLC.

470. Glenn Straub sold his ownership interest in 160 Royal Palm, LLC in 2013 to Palm House, LLC.

471. Palm House, LLC is owned and/or controlled by Ryan Black, Gerry Matthews and Robert Matthews.

472. In exchange for conveying the membership interests in 160 Royal Palm LLC, Glen Straub's company, KK-PB Financial LLC, received little to no cash and a mortgage in the principal amount of \$27,468,750 (the "Mortgage").

473. Straub and KK-PB Financial LLC were aware that Palm House, LLC intended to offer an EB-5 visa program at the Palm House Hotel, and that they intended to obtain foreign investors in the project.

474. Straub and KK-PB Financial LLC were aware that potential investors at the Palm House Hotel would seek security in exchange for their investment.

475. Straub and KK-PB Financial LLC were aware that potential investors at the Palm House Hotel would seek security for their investment in the form of a mortgage on the Real Property.

476. Straub and KK-PB Financial LLC were aware that potential investors at the Palm House Hotel would likely perform due diligence and ascertain whether the Real Property provided adequate security for their investment.

477. Upon information and belief, Straub and KK-PB Financial LLC were informed that the foreign investors were told that there was a \$29,500,000 bank loan and mortgage against the property, and that those funds were being used to create jobs and continue the construction.

478. Upon information and belief, Straub and KK-PB Financial LLC were informed that the foreign investors were told that their investments would be used to pay off the \$29,500,000 bank loan, at which time they would receive a first mortgage on the Real Property.

479. Upon information and belief, Straub and KK-PB Financial LLC were informed that the foreign investors would be told that their investments would be fully secured by the Real Property.

480. Upon information and belief, Straub and KK-PB Financial LLC intentionally failed to record their Mortgage for almost seven (7) months to create the façade to potential foreign investors that the Real Property was unencumbered by his mortgage, which was in excess of \$27,000,000.

481. Upon information and belief, Straub and KK-PB Financial LLC recorded the Mortgage on March 28, 2014, only after being informed that most of the Plaintiffs had already performed their due diligence, signed their documentation, and wired their investments to be used at the Palm House Hotel project.

482. It is inconceivable why the holder of a mortgage in excess of \$27,000,000 would fail to record it, other than to help defraud Plaintiffs into believing they would be receiving adequate security in the Real Property upon the loan being made to Palm House, LLC.

483. Straub and KK-PB Financial LLC conspired with and/or enabled the Bad Actors to fraudulently sell the Palm House investment opportunity to Plaintiffs.

484. It was never disclosed to Plaintiffs that a prior mortgage in favor of the prior owner/developer existed on the Real Property.

485. The Bad Actors represented to Plaintiffs that the only loan on the project was a bank loan, which was being used to create jobs and continue the construction.

486. Further, Straub and KK-PB Financial LLC impermissibly benefitted from their conduct by collecting payments on the Mortgage from Plaintiffs' funds.

487. Upon information and belief, Straub and KK-PB Financial LLC received other benefits from the fraudulent scheme.

488. Plaintiffs seek the imposition of a lien on the Real Property, prior in interest to the Mortgage.

489. Such a lien on the Real Property in favor of Plaintiffs is appropriate to prevent unjust enrichment or other inequities.

WHEREFORE, Plaintiffs request that the Court impose an equitable lien in favor of Plaintiffs on the real property located at 160 Royal Palm Way, Palm Beach, Florida, upon which the Palm House Hotel is located, that such lien be higher priority than the recorded mortgage held by KK-PB Financial LLC, and grant such other and further relief which is necessary and just under the circumstances.

<u>COUNT XXV – Violations of Section 10(b) of the Exchange Act and Rule 10b-5</u> <u>Promulgated Thereunder Against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico,</u> <u>Wright, Levinson, Robert Matthews and Ali Herischi</u>

490. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

491. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews and Ali Herischi carried out a plan, scheme, and course of conduct that was intended to, and did (i) deceive Plaintiffs, as alleged herein; and (ii) cause Plaintiffs to purchase limited partnership interests in Palm House. In furtherance of this unlawful scheme, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi took the actions set forth hereinabove.

492. These defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices and a course of business which operated as a fraud and deceit upon purchasers of Palm House's limited partnership units in violation of Section 10(b) of the Exchange Act and Rule 10b-5. These defendants are sued as primary participants in the wrongful and illegal conduct charged herein.

493. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi, individually and in concert, directly and indirectly, by the use, means, or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a course of conduct to conceal adverse material information about the Escrow Account, the status of construction at the project, and the funds available for construction at the project, among other things, as specific herein.

494. These defendants each employed devices, schemes and artifices to defraud and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of the value of investing in Palm House, which included the making of, or the participation in the making of, untrue statements of material facts about the Palm House Hotel

project and omitting to state material facts necessary in order to make the statements made not misleading.

495. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi's primary liability arises from the following facts, among others: (i) they were high-level officers within Palm House and/or high-level players in the scheme to sell foreign investors limited partnership interests in Palm House; (ii) they, by virtue of their responsibilities and activities as high-level players in the scheme, were privy to and participated in the creation, development and publication of Palm House's sales, marketing, projections and/or reports; and (iii) they were aware of Palm House's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

496. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi had actual knowledge of the misrepresentations and omissions of material facts set for herein, or acted with severely reckless disregard for the truth, in that each failed to ascertain and disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or with deliberate recklessness and for the purpose and effect of concealing information regarding Palm House's true status as a façade and vehicle for a massive fraud and theft.

497. As a result of the dissemination of materially false and misleading information and failure to disclose material facts, as set forth herein, Palm House appeared to be a legitimate investment opportunity for foreigners seeking a path to United States residency via an EB-5 visa. In ignorance of the fact that Palm House's securities were merely a façade for a criminal scheme, Plaintiffs invested their money into Palm House and were damaged thereby.

498. At the time of said misrepresentations and omissions, Plaintiffs were ignorant of their falsity and believed them to be true. Had Plaintiffs known of SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi's fraudulent practices, Plaintiffs would not have purchased or otherwise acquired their securities in Palm House.

499. By virtue of the foregoing, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi have each violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

500. As a direct and proximate result of SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi's wrongful conduct, Plaintiffs suffered damages in connection with their respective purchases of limited partnership interests in Palm House.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi for damages, injunctive relief, interest, cost, attorneys' fees, and such other relief that the Court deems just and proper.

<u>COUNT XXVI – Violations of Section 20(a) of the Exchange Act Against SARC, USREDA,</u> <u>Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews and Ali</u> <u>Herischi</u>

501. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 and 491 through 500 as if fully stated fully herein.

502. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi acted as controlling persons of Palm House within the meaning of Section 20(a) of the Exchange Act as alleged herein.

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503. By virtue of their high-level positions within Palm House and/or high-level positions within the scheme to sell foreign investors limited partnership interests in Palm House, participation in and/or awareness of Palm House's operations, and/or intimate knowledge of Palm House's fraudulent practices and Palm House's actual statue and true prospects, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi had the power to influence and control, and did influence and control, directly or indirectly, the decision making of Palm House, including the content and dissemination of the various statements which Plaintiffs contend were false and misleading.

504. SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi were provided with, or had unlimited access to, copies of Palm House's reports, sales materials, brochures, public filings, and other statements alleged by Plaintiffs to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

505. In addition, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi had direct involvement in the day-to-day operations of Palm House and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein and exercised the same.

506. As set forth above, SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi each violated Section 10(b) and Rule 10b-5 by their acts and omissions. By virtue of their controlling positions, they are liable pursuant to Section 20(a) of the Exchange Act.

507. As a direct and proximate result of SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi's conduct, Plaintiffs suffered damages in connection with their purchases of Palm House's securities.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi for damages, injunctive relief, interest, cost, attorneys' fees, and such other relief that the Court deems just and proper.

COUNT XXVII -- Violation of RICO, 18 U.S.C. 1962(c) Against the Bad Actors

508. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 as if fully stated fully herein.

509. After SARC, USREDA, Walsh, Walsh Jr., Payne, Derrico, Wright, Levinson, Robert Matthews, and Ali Herischi committed securities fraud, the Bad Actors engaged in separate, independent racketeering activity to the detriment of Plaintiffs.

510. The Bad Actors were employed by and associated with an illegal enterprise, and conducted and participated in that enterprise's affairs, through a pattern of racketeering activity consisting of numerous and repeated uses of the interstate mails and wire communications to execute a scheme to defraud, all in violation of RICO, 18 U.S.C. § 1962(c).

511. The RICO enterprise, which engaged in, and the activities of which affected, interstate and foreign commerce, was comprised of an association in fact of entities and individuals that included the Bad Actors.

512. The members of the RICO enterprise had a common purpose: to increase and maximize their profits by illegally diverting funds that they knew belonged to Plaintiffs for improper and unauthorized purposes. The Bad Actors shared the bounty of their enterprise by sharing the illegal profits generated by the joint scheme.

513. The Bad Actors conducted and participated in the affairs of this RICO enterprise through a pattern of racketeering activity that projects into the future, lasted more than one year, and that consisted of numerous and repeated violations of federal mail and wire fraud statutes, which prohibit the use of any interstate or foreign wire or mail facility for the purpose of executing a scheme to defraud, in violation of 18 U.S.C. §§ 1341 and 1343. The RICO enterprise functioned over a period of years as a continuing unit and maintained an ascertainable structure separate and distinct from the pattern of racketeering activity alleged herein.

514. SARC, USREDA, Walsh, Walsh Jr., and Robert Matthews directed and controlled the enterprise's affairs, as more fully explained above, including but not limited to:

- (a) Removing Plaintiffs' funds from the Escrow Account before Plaintiffs' I-526 petitions were approved by USCIS;
- (b) Engaging in a scheme whereby Plaintiffs' funds were moved between accounts before being deposited in a trust account controlled by the Evans Defendants, in an attempt to hide the fact that the funds belonged to Plaintiffs;
- (c) Providing Plaintiffs' funds to Palm House LLC before Plaintiffs' I-526 petitions were approved by USCIS;
- (d) Using Plaintiffs' funds for non-allowable purposes, i.e. purposes not related to the renovation or development of the Palm House Hotel;
- (e) Engaging in a systematic scheme to loot Plaintiffs' funds, transfer and hide them among multiple accounts, distribute them among the conspirators and entities they owned and/or controlled, and use them to purchase goods, real property and other items to personally benefit the Bad Actors; and
- (f) Continually lulling and lying to Plaintiffs about the status of the Palm House Hotel project, the status and character of the litigation relating to the project, the status of the I-526 petition approvals, and such other frauds and falsehoods that were told to Plaintiffs while their funds were stolen and dissipated, in an effort to prevent Plaintiffs from bringing a lawsuit, alerting law enforcement or otherwise interfering with the Bad Actors' scheme.

515. The Bad Actors used the mails and wires in furtherance of the scheme to defraud. The Bad Actors provided materials to investors using the mails and wired investor funds among various accounts.

516. As described hereinabove, as part of and in furtherance of the scheme to defraud, the Bad Actors made material omissions and misrepresentations to Plaintiffs with the intent to deceive them.

517. For the purpose of executing the scheme to defraud, the Bad Actors sent, mailed, and transmitted, or caused to be sent, mailed, or transmitted, in interstate or foreign commerce investment materials and numerous wire transfers misappropriating Plaintiffs' funds.

518. Because the scheme was not disclosed, and as a result of the Bad Actors' conduct and participation in the racketeering activity alleged herein, Plaintiffs could take no action to avoid the misuse and embezzlement of their funds, causing Plaintiffs to suffer damages in the form of the loss of their investments.

519. The proceeds from the enterprise included the \$500,000 "investment" plus the \$40,000 in "administrative fees" paid by each Plaintiff.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against the Bad Actors for damages, treble damages, attorneys' fees, interest, cost, injunctive relief ordering the Bad Actors to divest themselves of any interest, direct or indirect, in the enterprise; imposing reasonable restrictions on the future activities or investments of the Bad Actors, prohibiting the Bad Actors from engaging in the same type of endeavor as the enterprise engaged in, ordering the dissolution of the enterprise, making due provision for the rights of innocent persons, including Plaintiffs, and such other relief that the Court deems just and proper.

COUNT XXVIII - Violation of RICO, 18 U.S.C. 1962(d) Against the Bad Actors

520. Plaintiffs adopt and re-allege the allegations set forth in paragraphs 1 through 271 and 509 through 519 as if fully stated fully herein.

521. At all relevant times, the Bad Actors were associated with the enterprise and agreed and conspired to violate 18 U.S.C. §1962(d).

522. The Bad Actors agreed to conduct and participate, directly and indirectly, in the conduct and affairs of the enterprise through a pattern of racketeering activity, in violation of 18 U.S.C. §1962(d).

523. The Bad Actors committed and caused to be committed a series of overt acts in furtherance of the conspiracy and to affect the objects thereof, including but not limited to the acts set forth above.

524. As a result of the Bad Actors' violations of 18 U.S.C. § 1962(d), Plaintiffs suffered damages in the form of loss of their investments.

WHEREFORE, Plaintiffs respectfully requests that the Court enter judgment in favor of Plaintiffs and against the Bad Actors for damages, treble damages, attorneys' fees, interest, cost, injunctive relief ordering the Bad Actors to divest themselves of any interest, direct or indirect, in the enterprise; imposing reasonable restrictions on the future activities or investments of the Bad Actors, prohibiting the Bad Actors from engaging in the same type of endeavor as the enterprise engaged in, ordering the dissolution of the enterprise, making due provision for the rights of innocent persons, including Plaintiffs, and such other relief that the Court deems just and proper. Case 9:16-cv-81871-XXXX Document 1 Entered on FLSD Docket 11/14/2016 Page 99 of 99

DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury on all issues so triable.

Dated this 14th day of November, 2016.

/s/ Keith E. Sonderling G. JOSEPH CURLEY Florida Bar No. 571873 Email: jcurley@gunster.com KEITH E. SONDERLING Florida Bar No. 57386 Email: ksonderling@gunster.com DEVIN RADKAY Florida Bar No. 41976 Email: dradkay@gunster.com GUNSTER, YOAKLEY & STEWART, P.A. 777 South Flagler Drive, Suite 500 East West Palm Beach, FL 33401-6194 (561) 655-1980/Facsimile (561) 655-5677 Attorneys for Plaintiffs

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South Atlantic Regional Center

<u>Palm House F.A.Q.</u> 棕榈渡假屋项目的常见问题

Q1. Where is the Project Located?

The project is located on the prestigious Palm Beach Island in South Florida at 160 Royal Palm Ave, Palm Beach, Florida, USA.

项目位于哪个地区?

项目是位于南佛罗里达州著名的棕榈滩岛上,皇家棕榈大道第160号。

Q2. How much money will the project seek to raise?

The Project will use a total of \$91,000,000 USD. The Developer has already invested \$22,000,000 USD of his own equity. There is also a Bridge Loan funding of \$29,500,000 to ensure the continuation of the construction of the project as the EB5 Funding is being raised. A total of \$39,500,000 USD will be sought in EB5 Funding. A summary Source of Funds can be found in the table below or in the Investment Portfolio on page 171.

项目需要筹集多少资金?

项目需要用到 91,000,000 美元。开发商已经运用了私人财产投资了 22,000,000 美元。此外,项目还有一个 29,500,000 美元的过桥贷款,以确保 在筹集 EB5 资金的同时,项目建设的可以正常进行。项目方希望通过 EB5 筹 集到共 39,500,000 美元。有关资金来源的概要,请参阅以下列表或投资组合 中的第 171 页。

Source of Funds	Amount	kongoninge
EB-5 Capital	\$39,500,000	43.4%
Developer Equity	\$22,000,000	24.2%
Bank Financing TOTAL:	\$29,500,000 \$91,000,000	32.4%

Q3. When will the Palm House Project be open for business?

Current projects have the finishing of the Palm House Hotel for "Season" of 2013. Generally "Season" in Palm Beach begins just after the Christmas Holiday. The Building also has received Permanent Certificate of Occupancy for the East and West Wings of the Hotel. This means that the project will proceed with the City of Palm Beach's approval to be open for Season 2013/2014.

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South Atlantic Regional Center

棕榈渡假屋项目么时候会开始营业?

棕榈渡假屋酒店将于 2013 年的"季节"开始营业。一般而言,在棕榈滩所指的 "季节"是指圣诞假期过后。这建筑东翼与西翼的酒店已得到永久使用证书。意 味着项目会在棕榈滩市政府的批准下将于 2013/2014 年季节开始营业。

Q4. Does the Palm House Project have a TEA Approval?

Yes, please see the attached Palm House TEA Approval Letter or click here.

棕榈渡假屋项目是否有目标就业区的批准?

是,请参阅附件棕榈渡假屋项目的目标就业区批准书或点击这里。



Q5. Is the Palm House Project Approved by the USCIS?

Yes the Palm House Project is approved by the USCIS through South Atlantic Regional Center's NAICS Code approvals. The Palm House Project falls under these listings. *Evidence of this can be discovered at* USCIS.gov *and searching SARC. NAICS Codes for the Palm House Project can be found by opening the attached Econometric Analysis file or beginning at page 414 of the <u>Investment Portfolio</u>.*

棕榈渡假屋项目是否已通过美国移民局的批准?

是,棕榈渡假屋项目已透过南大西洋区域中心的北美行业分类系统 NAICS 行业代码而通过美国移民局的批准。棕榈渡假屋项目是属于以下的分类。相关证据可于 USCIS.gov 网站搜索 SARC 南大西洋区域中心找到。而有关棕榈渡假屋项目的北美行业分类系统 NAICS 代码详情请参阅附件中的经济分析报告或投资组合的第414页。

Table B-1. NAICS Codes for Each Type of Activity

- 2362 Nonresidential Building Construction
- 5413 Architectural, Engineering, and Related Services
- 7211 Traveler Accommodation

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Many NEW REGIONAL CENTERS in the market claim Project Approval by the UCSIS. What this truly means is that the USCIS approved the Regional Center to offer projects in a particular NAICS Code. Being that these Regional Centers have never marketed an EB5 Project before, they claim Project Approval to make themselves seem stronger in the market place. What this really means is that they are newly approved and most likely inexperienced in EB5 Project Management.

在市场上,有许多新的区域中心指出他们的项目得到美国移民局的批准。其 实,真正的意思是代表美国移民局批准该区域中心在北美行业分类系统 NAICS 行业代码的批准范围下推出某些特定的项目。所以这代表那些区域中心之前并 没有于市场上推过 EB5 项目,可是他们坚称项目已被审批,使项目在市场上 看似更稳健。其实真正的意思是代表他们是新被批准及很有可能是欠缺管理 EB5 项目的经验。

Whereas, South Atlantic Regional Center has among the highest number of approved NAICS Codes for any USCIS Approved Regional Center, and has already successfully sold out their Royal Palm Town Center IV Project. With 92% of their clients approved and 8% still undergoing USCIS Processing.

然而,南大西洋区域中心是拥有美国移民局批准最多北美行业分类系统 NAICS 行业代码的区域中心,并已经成功地出售完皇家棕榈镇中心 Ⅳ 项目。当中有 92%的客户已获批准和 8%的客户仍于美国移民局处理当中。

Q6. Can a copy of the Appraisal Report that values the Palm House Hotel at \$137,500,000 USD be provided?

A copy of the Appraisal Report, completed by Callaway & Price, INC., can be found on page 248 of the <u>Investment Portfolio</u>.

可否提供棕榈渡假屋值137,500,000美元的评估报告? 有关 Callaway & Price, INC.完成的评估报告可参阅投资组合的第248页。

It is important to note that the building at present is worth over \$110,000,000 USD before completion. This makes the Palm House Hotel one of the safest EB5 offerings from a Job Creation and Investment position.

重要注意事项:以目前建设(未完成整个建设)的市价已值经超过 110,000,000美元。这使棕榈渡假屋酒店是其中一个最安全的 EB5 项目,能创 造足够的就业机会和稳健的投资状况。

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Q7. How many jobs will the Palm House create?

Dr. Michael Evans completed the Rims II Economic Analysis of the Palm House Project. His findings resulted in a total of 953 Jobs created. The full report can be viewed on page 414 of the <u>Investment Portfolio</u>.

棕榈渡假屋项目会创造了多少个就业机会?

迈克尔·埃文博士运用了 RIMS II"区域投入支出模型系统"对棕榈渡假屋项目完成了经济分析。他的研究显示项目可创造 953 个职位。详细报告请参阅投资组合的第 414 页。

Activity	Expenditure/ Revenues (\$ million)	Final Demand Multiplier	Total Jobs	
Hard Construction Costs	32.293	17,5636	567.2	
Soft Costs	6.188	16,315	101.0	
Purchases of FF&E *	2.5	7,9957	20.0	
Hotel Operations	14.36	17.5069	251.4	
Membership Fees *	2.0	7,046	14.1	
Total	75.413		953.7	
* Indirect and Induced effects only				

Q8. How many rooms are there in the Palm House Hotel? What are the sizes of the Hotel?

There are a total of 79 Hotel Condo Rooms in Palm House Hotel. Their sizes range from 379 SqFt to 1,054 SqFt, as indicated in the table below. Additional information on room sizes can be found on pages 157 – 159 of the <u>Investment</u> Portfolio.

棕榈渡假屋酒店有多少个房间?酒店房间的大小是?

棕榈渡假屋酒店共有 79 间公寓客房。正如下表所显示,它们的大小由 379 平 方英尺到 1,054 平方英尺不等。房间大小的详细资料请参阅投资组合的第 157 - 159 页。 Case 9:16-cv-81871-XXXX Document 1-34 Entered on FLSD Docket 11/14/2016 Page 5 of 55



ini #	άŤ.	Unit Description	SF per Unit	Total SF.
initial			en in the second se	
anale field filler in t		First floor		
A,	1	Large One Beccom	949	949
8	1	Sudo	478	475
CL .	1	One Bedroom	734	734
CR	٤.	One Bedraom	689	689
D.	3	One Bedroom	870	870
5 .	5	Sludie	475	2,375
E		36.00	475	. 476
N (CARD)		One Bettinger plas (Set	960	900
£.	2	One Bedroom	792	1,584
F1		One Bedroorp	762	782
G	8	State	379	3,032
ă:		Shan	379	758
Ğ2		Sudo	415	415
		Second floor	and a second	
A	1	Large One Bedroom	949	949
8		Studio	475	476
ČL.	· · ·	One Bearpart	134	734
CR	51. 1 . 19	One Becrusso	689	689
o and the second		Ore Bertroom		990
E	19-1925 (BB-1) *	Sudo.	475	2,375
61 61		Stato	475	475
	o and a c	One Becroomplus den	960	960
се д		One Becroon	792	2,378
r. F1		One Bedraum	787	782
		Sudu	379	3 032
G	8	State	379	758
G1	2		575	576
н		Studio	415	
		Third lloor	605	665
2	1 .	Stude:	579	3,474
ĸ	¢.	Large Store	5/9 1,054	1054
L		Large Stato		676
121		One Bedroom	675 839	5/C
142	100	OveBestoon		1000 C 100 C 17 C 100 C 100
M3-	1	One Bedrocst	843 	843 3.032
G	é	Studio	379	
G1	2	Sudo .	.379	758
F	3	One Bedroon:	792	2,376
Ft	1	Que Bestroom	796	782
F2	1	One Bearborn	722	722
Votat CO	etw 1	an a		A4, 430

South Atlantic Regional Center

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Breakdown of guestroom types and square footage

Q9. What would happen if the Palm House Project couldn't raise 79 investors? The agreements submitted to the USICS allow for a minimum of 2 investors and a maximum of 79. Therefore if less than 79 investors become a part of the project before the offering is closed there will be no effect on the immigration of the clients.

如果棕榈渡假屋项目不能筹集79个投资者将会发生什么事情? 在已递交至美国移民局的协议当中,清楚列明这个项目允许最少2名至最多79 名的投资者。因此,即使这个项目在停止接受EB5申请时不能筹集到79名投资 者,对客户的移民申请是没有影响。

Depending on the amount of funds raised through EB5 Investment, other domestic sources can be used to supply any additional funds needed. These funds can be acquired through Private Equity or Bank Loans against the already increased value of the project. The near completed state of the project offers great flexibility to find other sources of investment beyond EB5 Investment should it be required. This is not currently sought after to project the Return of Investment Position of the EB5 Investors. Case 9:16-cv-81871-XXXX Document 1-34 Entered on FLSD Docket 11/14/2016 Page 6 of 55



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项目会根据 EB5 筹集资金的进度和情况,可以寻求其他的本地资金来源应付额外的费用。其他的资金来源可以透过私人投资或银行贷款的方法应付已增值的项目。在项目接近完成的阶段,寻找 EB5 投资之外的资金来源应该是有更大的灵活性。但这不是目前项目所追求用来归还给 EB5 投资者投资款项的方法。

Q10. What is the evidence that the Developer has invested the \$22,000,000 USD?

A detailed listing of the Developers' investment into the project can be found in the following Developer's Funds attachment or from pages 392-413 of the <u>Investment Portfolio</u>. Note that there is a total of over \$22,000,000 USD represented. The total invested into the Project by the Developer cannot all count towards Job Creation. Therefore, only the funding that can be attributed to actual work on the Project is represented in the \$22,000,000 to ensure an accurate Job Creation result.

有任何的证明文件显示开发商已投资22,000,000美元吗?

开发商投资到项目的详细清单,请参阅以下的开发商资金附件或参阅投资组合的第 392-413页。请注意,开发商已投资超过 22,000,000 美元。由于不能把所有由开发商投资到项目的金额全部计入创造就业人数当中。所以只计算当中 22,000,000 美元这笔真正能归纳为项目可创造就业人数的资金,以确保计算出 准确就业人数的结果。

As demonstrated in the Valuation Report, the EB5 Money and Private Equity Loan account for 50% of the present valuation of the Palm House Hotel (\$110,000,000 USD Present Valuation). This means that the EB5 Investor is very secure from a monetary standpoint.

从估值报告中显示出,EB5的资金与私人直接投资占整个棕榈渡假屋项目的 50% (现时估值 110,000,000 美元)。从估值立场来看,这意味着 EB5 投资 是非常安全的。

Q11. The Palm House Hotel utilizes a Bridge Loan Financing in the Business Plan. Who provided this Bridge Loan, and how will the loan repaid? The <u>USCIS Adjudication Policy Memorandum</u> details how an EB5 Project may receive Bridge Loan Financing in order to ensure the progress a project makes while raising EB5 Funding (See excerpt from the USCIS website page 15 below). So long as the EB5 Funds are used to repay the Bridge Financing there is no effect on Job Creation.

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棕榈渡假屋项目在商业计划中显示采用了银行过桥贷款。请问谁提供过 桥贷款,以及如何偿还贷款?

美国移民局评审政策备忘录详细介绍了 EB5 项目可以透过过桥贷款,以确保 在筹集 EB5 资金的同时,项目建设的可以正常进行。(请看在美国移民局网 站下载第 15 页摘要)。只要 EB5 资金会用于偿还给过桥贷款,这对创造就业 机会是没有影向。

48 C.F.R § 204.6(j)(4)(i).

Since it is the commercial enterprise that creates the jobs, the developer or the principal of the new commercial enterprise, either directly or through a separate job-creating entity, may utilize interim, temporary or bridge financing – in the form of either debt or equity – prior to receipt of EB-5 capital. If the project commences based on the interim or bridge financing prior to the receipt of the EB-5 capital and subsequently replaces it with EB-5 capital, the new commercial enterprise may still receive credit for the job creation under the regulations. Generally, the replacement of bridge financing with EB-5 investor capital should have been contemplated prior PM-602-0083: EB-5 Adjudications Policy Page 16 to acquiring the original non-EB-5 financing. However, even if the EB-5 financing was not contemplated prior to acquiring the temporary financing, as long as the infusion of EB-5 financing could still result in the creation of, and credit for, new jobs. For example, the non EB-5 financing originally contemplated to replace the temporary financing may no longer be available to the commercial enterprise as a result of changes in availability of traditional financing. Developers should not be precluded from using EB-5 capital as an alternative source to replace temporary financing simply because it was not contemplated prior to obtaining the bridge or temporary financing.

USCIS Policy Memorandum; May 30, 2013; pp. 15-16.

The Palm House elected to proceed in this manner due to the safety and security that it afforded the EB5 Investor. A Bridge Loan of \$29,500,000 USD was obtained from a Wealthy Private Equity Source. These funds along with Mr. Matthews' Equity Investment were used to bring the Palm House Hotel to the present and continuous development position. A portion of the \$39,500,000 EB5 Investment will be used as repayment of this Bridge Loan.

棕榈渡假屋项目选用这种方式以确保 EB5 投资者的安全性。29,500,000 美元的过桥贷款是来自一个富裕者的私人投资。这过桥贷款与马修斯先生的私人投资共同用在过去、现在及未来棕榈渡假屋的建设,使项目得以持续进行。部份来自 EB5 的 39,500,000 美元的投资将用作偿还这桥贷款。

Q12. When does the USCIS allow for Job Count to begin?

Utilizing the Rims II Economic Analysis, as performed by Dr. Michael Evans, a final demand multiplier was created for Expenditure and Revenue applied to each NAICS Industry Code. The Final Demand Multiplier figure generated by Rims II represents a combined Direct and Indirect number of jobs created per \$1,000,000 USD in Project Expenditure or Revenues Generated depending on

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the NAICS Code. As a result of the Bridge Loan and Developer Equity, the USCIS allows for any funds spent on actual work performed on the building to be accounted towards these numbers. Therefore, Job Count begins from the date that funds were first spent on work towards the development of the project. Details for these amounts can be found in the attached Econometric Study, or beginning at page 414 in the Investment Portfolio.

美国移民局什么时候开始计算项目所创造的就业人数?

迈克尔·埃文博士利用 RIMS II"区域投入支出模型系统"的经济分析,一个以最终需求乘数开支及收入的算式,应用于每个北美行业分类系统 NAICS 行业代码的模式计算出项目所创造的就业人数。RIMS II"区域投入支出模型系统"计算每 1,000,000 美元的项目支出或收入,乘以北美行业分类系统 NAICS 行业代码计算出成直接和间接创造合并起来的就业人数。所以,美国移民局容许以透过过桥贷款和开发商私人投资花费在实际建设项目上任何的资金作为计算就业人数。因此,计算就业人数是于这些资金花费在项目兴建时开始。有关运用这些资金的详细信息,请参阅附件的经济分析报告,或投资组合中第 414 页开始。

Q13. Can we provide documentation showing the Project owns the land?

Current titling of the property is registered to 160 Royal, LLC. This is the company registered to the Private Equity Lender who made the Bridge Loan available. Official Public Record can be found at <u>PCBGOV.com</u> with a satellite picture of the property.

能够提供文件显示项目拥有该土地权吗?

目前物业是以皇家160,有限责任公司注册。这家公司是以私人投资形式向项目提供过桥贷款的贷方。官方公共记录可于网站PCBGOV.com查看。当中还有配备了卫星图片的功能,可显示到棕榈渡假屋。

Further evidence can be found in the Business Plan located on page 171 of the Investment Portfolio.

进一步的证据,可以参阅商业计划书中投资组合的第171页。

Land Acquisition Cost

The land was purchased by a company owned by the Developer in August 2006 for \$29,000,000; the transfer was recorded in OR Book 20776, Page 1540 of the Palm Beach County land records as a non-real estate transaction with a \$10 consideration. (See Palm House Hotel & Private Club Appraisal, by Callaway & Price, Inc., attached as Attachment B, page 31.)

References and the second s



South Atlantic Regional Center

As well as in the Appraisal Report located on page 285 of the <u>Investment</u> Portfolio.

以及在投资组合中第285页的评估报告。

Property History

The current owner, Royal 160 LLC acquired the property in August 2006 for \$29,000,000; the transfer was recorded in OR Book 20776, Page 1540 of the Palm Beach County land records as a non-real estate transaction with a \$10 consideration.

Q14. How will the Palm House Project Make Money?

Highly conservative revenue estimation for the operation of the Hotel forecasts a 5-year combined generated revenue of \$76,888,165 USD at only 61% occupancy rate. Details can be found in the attached proforma income statements table below or in the <u>Investment Portfolio</u> from pages 176 – 180.

棕榈渡假屋项目将如何赚钱?

根据经营该酒店的保守估计,以只有 61%的入住率计数预测到 5 年会有 76,888,165 美元的收入。详情可参阅以下的利润表或投资组合的第 176 - 180 页。

and the second second second second second	1. The second				1.00
Paim House Hotel	Year	Yaar	Year	Year	iser
Proforma Income Statemente	1		3	1	
79 Keys (Rooms)	2016	2018	2016	2017	<u>2018</u>
Operating Statistics					
Available Room Nights (ARN)	28,835	28,835	-28,835	28,835	28.835
Occupied Room Nights (ORN)	16,724	17,589	18,165	18,74)	18,454
Ocenpancy %	58.0%	61.0%	63.8%	65.0%h	64.0%
Average Daily Rate (ADR)	\$500,00	\$572.50	\$551.24	\$573.29	\$590,49
RevPAR	\$290.60	\$318.73	\$347.28	\$372.64	\$377.91
RevPAR Growth	NA	9.91%	8.96%	7,30%\$	1.42%
Revenue					
Rionis	\$ 8,352,150	\$ 9,190,435	\$10,013,808	\$10,744,975	\$10,897,958
Food & Bevenge	3,762,968	4,135,696	4,506,214	4,835,239	4,903,676
Sps / Salon / Fitness Center	658,972	735,235	801,105	839,598	871,765
Other Income	271,270	298,689	325,449	349,212	354,154
Total Revenue	13,065,859	14.360,055	15,646,575	16,789,023	17,026,653
Total Revenue Growth	NA	9.91%	8.954	7,30%	1,429
Departmental Expenses					. بىل بارىپ مىزى مەربىرى بىرى
Rooms	1.254,323	1,352,181	1,431,428	1,513,792	1,527,763
Food & Hevenne	3,010,374	3,225,843	3,379,660	3,529,724	3,726,794
Spa / Salun / Finess Center	414,812	463,198	48×,674	550,143	\$75,365
Other Income	135,885	140 184	146,452	151,653	152,286
Total Departmental Expenses	3,815,413	5.181,606	5,446,214	5,747,312	5,982,210
Departmental Expense Ratio	37%	36*4	35%	345%	154
Undistributed Operating Expenses	to many many	an such such significant		ing an	
Administration & General	720,875	753,314	782,214	822,638	859,657
Sales & Marketing	\$76,700	602.682	629,771	658.111	687,723
finargy Costs / Utilities	250,865	275,713	297.567	320,829	330,168
Maintenance	412 525	451,989	472,328	493,583	\$15,793
Tatal Undist, Oper, Expresses	1,980,965	2,083,668	2,186,879	2,295,160	2,193,285
Gross Operating Profit	6,249,482	7,694,782	8,013,482	8,746,551	8,651,158
Gross Operating Profit Margin	48%	49%	51%	52%	518
Intal Management Fees	391,976	466,702	\$21,031	545,643	\$10,800
Other Deductions	te entre services de la construcción	annon an	enn an sri shindishi m	a na na na intrinsiona	
Property lines.	216.263	224,013	213,910	243,265	252,997
Insurance Expense	173,010	181,661	190,744	209,281	110,295
Intal Other Deductions	389.273	4116,574	424.653	443,547	463.291
Net Operating Profit	5,468,233	6,221,506	7,067,798	7,757,361	7.677.067
Net Operating Profit Margin	42%	1.	43%	4655	1011-001
Reserve for Replacement	326,646	359,001	391,164	419,726	425,666
ng Charles and Charles Additionants		1			
Projected EBITDA / NOI	\$ 5,141,587	\$ 5,862,505	\$ 6,676,634	\$ 7.337,613	\$ 7.251,401

Palm House Hotel 5-year pro forma financial projections

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In addition to Hotel Revenue the Palm House Club will generate revenue through Club Membership. These fees will be between \$200,000 USD and \$250,000 to become a member. An exclusive limited offering of 500 memberships will be made available. Resulting in a \$100,000,000 USD to \$125,000,000 USD to be collected for Membership Positions.

除了酒店收入外,棕榈渡假屋项目的会员具乐部将在收取会员费用上亦可产生收益。每位会员的会员费用将会收取 200,000 美元至 250,000 美元,会籍将限量发售 500 名。因此,在收取会籍上有高达 100,000,000 美元至\$125,000,000 美元的收入。

Due largely in part to Mr. Matthews' strong connections with the City of Palm Beach Officials, the Palm House Project received special approval to sell portions of the Palm House Hotel as condos. With a total Valuation of \$137,500,000 USD there is a range of profits that can be earned from the sale of parts of the Hotel as condos. This flexibility has already peaked the interested of some individuals in Palm Beach, including Clothing Mogul Tommy Hilfiger who has been in talks with the Developer regarding turning the Palm House Hotel into a Tommy Hilfiger Branded Hotel.

此外,由于在马修斯先生与棕榈滩市的官员有良好的关系,棕榈渡假屋项目获得特别批准,容许出售棕榈滩酒店作为公寓。根据137,500,000美元的估值,部分的收益可从出售酒店作为公寓所获得。这种灵活性的批准已经引起一些在棕榈滩上的人士及单位感到兴趣,当中包括 Tommy Hilfiger 的服装大亭品牌,他们一直与开发商谈判,希望把酒店转成 Tommy Hilfiger 的品牌酒店。

Q15. What is the security offered by the Palm House for the investment? Investor members become a Limited Partner ("LP") when they invest into the Palm House Project. The Project and the LP have binding agreements stipulating the intended return of invested capital after 5 years time.

棕榈渡假屋项目为投资者提供了什么投资保障?

当投资者投资到棕榈渡假屋项目时,会成为有限合伙人("LP")。项目方和有限合伙人之间是有约束力的协议,规定项目方在5年之后有意向地归还其资本。

In addition to these agreements each LP will receive an UCC-3 Filing stating that in the event that funds are not returned beyond the 5 years, the LP has a right to all assets of the Palm House Hotel. This document only registers the terms of the Investment Agreements found in the Investment Portfolio with the State of Florida. This is done to place the LP in a secure position for their investment. Much like a US Bank would do when lending money for a Home Mortgage in the USA. Please see the attached sample copy of the UCC-3 Filing.

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除了协议外,每位有限合伙人都会收到一份 UCC-3 的文件,说明投资若在超过5年后未经归还,有限合伙人有权取得棕榈渡假屋项目的所有资产。这份文件是根据投资组合中同意的投资条款,于佛罗里达州注册。提供 UCC-3 文件是为了把投资者放置在一个安全的位置,确保他们投资安全。就像在美国,当你向银行借贷款时,银行会以房屋作抵押贷款的道理一样。请参阅附件 UCC-3 文件的样板。



Q16. Can a list of names be provided for the future members of the Palm House Club?

Due to the exclusive nature of the Palm House Club no list of names can be furnished. The Rich and Famous want privacy and we must facilitate their desire as such.

可提供棕榈渡假屋项目未来会员具乐部的名单列表吗?

由于关乎富商和名人的隐私问题,棕榈渡假屋项目必须要尊重他们,不能对外提供会员具乐部的名单列表。

However, we do know that such luminaries as Multi-Billionaire Bill Koch, of Koch Industries; Eric Schmidt, Chairman of Google; Tony Bennett, of song and stage; Celine Dion, one of the most famous signers in the world; and President Bill Clinton will be a part of the club.

不过,我们知道亿万富翁科克工业集团-比尔科赫;谷歌董事长-埃里克·施 密特,著名舞台歌手-托尼·贝内特;在世界上最有名歌手之一-席琳·迪翁; 前总统-比尔克林顿;都将成为具乐部的会员。

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This is due in part to the Fame of Mia Matthews, the Developer Bob Matthews' wife. Mia Matthews is a Famous Signer and Entertainer in the USA. Attached is a photo of the Billboard of Mia Matthews in Times Square, New York City, when she was in town performing.

能吸引这么多名人想成为具乐部会员的部分原因是因为开发商-鲍勃·马修斯的妻子-米娅马修斯的关系。她在美国是一位著名歌手和艺人。以下为米亚·马修斯在纽约时代广场的广告牌,当时她在纽约市镇作表演。



Q17. If the Investor's 1-526 Application is denied, when does the Investor receive their funds back?

In the case that an I-526 Application is denied without cure, the Investor will receive their Investment, Administrative Fees, and Legal Fees within 90 days from the time the official denial notice is received from the USCIS.

如果投资者I-526申请被拒绝,投资者会在什么时候取回资金?

若投资者 I-526 申请在经过团队努力的情况下依然被拒绝,投资者将在收到美国移民局官方通知申请被拒的 90 天内取回投资款项、行政费用和法律费用。

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NOTE: Currently South Atlantic Regional Center has maintained higher than 99% approval rating for I-526 Submissions of it's projects.

注意:目前南大西洋区域中心提交 I-526 的申请一直保持高于 99%的批准率。

Q18. What occurs if an Investor does not pass the I-829 Stage?

Before becoming a participant in the EB5 Program each potential Investor must understand the every project has an amount of risk to it. There can be no guarantee offered on any project if that project is to meet the strict standards set forth by the US Congress and USCIS. To offer such a guarantee would mean immediate failure of the I-526 Application.

如果投资者不通过1-829阶段,将会发生什么事情?

每个潜在投资者在参与 EB5 计划前都必须要明白,每个项目都有一定程度的 投资风险。如果该项目是达到由美国移民局设定的严格标准,任何项目都不 能提供任何保证。如提供保证,即意味着 I-526 的申请会立即失败。

With this understanding in place, a potential Investor can analyze the level of risk they take with their chosen project. In the case of the Palm House Hotel the project is very near completion, due in part to the Developer's Investment and Bridge Loan Financing put in place. The Project also has received Permanent Certificate of Occupancy for the East and West Wings of the Hotel. This means that the project will proceed with the City of Palm Beach's approval to be open for Season 2013/2014.

明白了以上的概念,潜在投资者可以自行对所选择的项目作出分析,评估项目的风险水平。现时,棕榈渡假屋项目距离完成十分接近,部分原因是由于开发商的私人投资和过桥贷款融资落实到位。项目的东翼与西翼的酒店亦已得到永久使用证书。意味着项目会在棕榈滩市政府的批准下将于2013/2014年季节开始营业。

All of this means that an Investor does not have to worry about potential delays in building or regulator issues. These unique Palm House Hotel strengths coupled with a current 2013 national average of 95% I-829 approvals by the USCIS mean that there is very little risk of an I-829 denial.

以上所有事情意味着,投资者不必担心项目会因为建筑或监管问题导致延误的 潜在可能性。这些独特棕榈渡假屋酒店的优势,再加上现时美国移民局 2013 年全国 I-829 批准平均水平是 95%,投资者只有十分少的风险会在 I-829 阶段 被拒绝。

Attachment 1 UCC-3 Sample Form

TATE OF FLORIDA UNIFORM COM INANCING STATEMENT AMENDME		FLORIDA SECURED TRANSACTION &	EGISTRS
NAME & DAYTIME PHONE NUMBER OF CONTACT PER OSEPH Walsh 561.282.6102	BON	FILED	
SEND ACKNOWLEDGEMENT TO: ame PALM HOUSE HOTEL, LLLP.		2012 Oct 01 08:00 AN ****** 201207621836 *	****
ddress 197 South Federal Highway, Suite 200			
ity/State/Zip Boca Raton, FL 33432			
NITIAL FINANCING STATEMENT FILE #		HE ABOVE SPACE IS FOR FILING OFF FINANCING STATEMENT AMENDMEN	
	[for	ecord) (or recorded) in the REAL ESTATE I	VECORDS.
CURRENT RECORD INFORMATION - DEBTOR	NAME - INSERT ONLY ONE DEBT	<u>OR NAME (Za OR 2b)</u>	
PALM HOUSE HOTEL, LLLP 26. INDIVIDUAL'S LAST NAME	PIRST NAME	MIDDLENAME	SUFFIX
CURRENT RECORD INFORMATION - SECURE	D PARTY NAME - INSERT ONLY O	INE SECURED PARTY NAME (3) OR 3h)	na se interna de la composition de la c La composition de la c La composition de la c
a open and a trong name Palm House Hotel, LLLP			
36. INDIVIDUAL'S LAST NAME	FIRSTNAME	MIDDLENAME	SUFFIX
TERMINATION: Effectiveness of the Financing S authorizing this Termination Statement	statement identified above is terminated w	ith respect to security interest(s) of the Secure	ed Party
CONTINUATION: Effectiveness of the Financing	statement identified above with respect t	o security interest(s) of the Secured Party auti	iorizing
this Continuation Statement is continued for the addition	ional period provided by applicable law.		
The second se		an in ham 0g and also give name of assigno	r in item 11.
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Case 9:16-cv-81871-XXXX Document 1-34 Entered on FLSD Docket 11/14/2016 Page 16 of 55

Attachment 2 Certificate of Occupancy

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Attachment 3 T.E.A Approval Letter

Case 9:16-cv-81871-XXXX Document 1-34 Entered on FLSD Docket 11/14/2016 Page 26 of





Hunting F. Deutsch

FLORIDA DEPARTMENT of ECONOMIC OPPORTUNITY

November 14, 2012

Mr. Charles Hutton Wright Johnson 205 Worth Avenue, #201 Palm Beach, Florida 33480

Dear Mr. Hutton:

In response to your request, the Labor Market Statistics Center has verified that 160 Royal Palm Way in Palm Beach County, Florida is located in Census tract 35.02. The area consisting of contiguous Census tracts 23 and 35.02 qualifies as a high unemployment area under the provisions of the EB-5 Investor Visa Program. The 2011 annual average unemployment rate for the combined area was 18.5 percent, above the qualifying rate of 13.4 percent for that time period (see enclosed table).

The method used to estimate the unemployment rate in this area is called Census-share disaggregation, a standard U.S. Department of Labor, Bureau of Labor Statistics procedure used to calculate rates for small subcounty areas.

Since this area is located in the Miami-Fort Lauderdale-Pompano Beach Metropolitan Statistical Area, it is not considered a rural area. The area does qualify as a Targeted Employment Area however, due to its high unemployment rate.

Please call Susanna Patterson at 850-245-7268, if you have any questions.

Sincerely,

Rebecca Rust Director Labor Market Statistics Center

RR/to

Enclosure

Florida Department of Economic Opportunity | The Caldwell Building | 107 E. Madison Street | Tallahassee, FL | 32399-4120 866 FLA.2345 | 850.245.7105 | 850.921.3223 Fax | www.Florida.Jobs.org | www.twitter.com/FLDEO | www.facebook.com/FLDEO

An equal opportunity employer/program, Auxiliary aids and services are available upon request to individuals with disabilities. All voice telephone numbers on this document may be reached by persons using TTY/TDD equipment via the Florida Relay Service at 711.

LABOR FORCE ESTIMATES FOR SELECTED CENSUS TRACTS PALM BEACH COUNTY, FLORIDA 2011 ANNUAL AVERAGES

ł	Labor		Unemploy	ment
Tract	Force	Employment	Level	Rate (%)
 23	1,462	997	465	31.8
35.02	1,686	1,570	116	6.9
Total	3,148	2,567	581	18.5

Source: Florida Department of Economic Opportunity, Labor Market Statistics Center, Local Area Unemployment Statistics program (unpublished data).

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Attachment 4 **USCIS Policy Memo**

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55

DOCKET 11/14/2016 Page 29 (U.S. Department of Homeland Security U.S. Citizenship and Immigration Services Office of the Director (MS 2000) Washington, DC 20529-2000



U.S. Citizenship and Immigration Services

May 30, 2013

PM-602-0083

Policy Memorandum

SUBJECT: EB-5 Adjudications Policy

PURPOSE: The purpose of this policy memorandum (PM) is to build upon prior policy guidance for adjudicating EB-5 applications and petitions. Prior policy guidance, to the extent it does not conflict with this PM, remains valid unless and until rescinded.

SCOPE: This PM is applicable to, and is binding on, all USCIS employees.

AUTHORITY:

- Immigration and Nationality Act (INA) sections 203(b)(5) and 216A
- Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriation Act, Pub. L. No. 102-395, § 610, 106 Stat 1828, 1874 (1992)
- 8 C.F.R. §§ 204.6 and 216.6

I. Introduction

The purpose of the EB-5 Program is to promote the immigration of people who can help create jobs for U.S. workers through their investment of capital into the U.S. economy.

Congress established the EB-5 Program in 1990 to bring new investment capital into the country and to create new jobs for U.S. workers. The EB-5 Program is based on our nation's interest in promoting the immigration of people who invest their capital in new, restructured, or expanded businesses and projects in the United States and help create or preserve needed jobs for U.S. workers by doing so.

In the EB-5 Program, immigrants who invest their capital in job-creating businesses and projects in the United States receive conditional permanent resident status in the United States for a twoyear period. After two years, if the immigrants have satisfied the conditions of the EB-5 Program and other criteria of eligibility, the conditions are removed and the immigrants become unconditional lawful permanent residents of the United States. Congress created the two-year conditional status period to help ensure compliance with the statutory and regulatory

www.uscis.gov

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PM-602-0083: EB-5 Adjudications Policy Page 2

requirements and to ensure that the infusion of investment capital is sustained and the U.S. jobs are created.

The 1990 legislation that created the EB-5 Program envisioned lawful permanent resident status for immigrant investors who invest in and engage in the management of job-creating commercial enterprises. In 1993, the legislature enacted the "Immigrant Investor Pilot Program" that was designed to encourage immigrant investment in a range of business and economic development opportunities within designated regional centers. In 2012 Congress reaffirmed its commitment to the regional center model of investment and job creation by removing the word "Pilot" from the now twenty-year old program, and by providing a three-year reauthorization of the regional center model through September 2015.

Our goal at U.S. Citizenship and Immigration Services (USCIS) is to make sure that the potential of the EB-5 Program, including the Immigrant Investor Program, is fully realized, and that the integrity of the EB-5 Program is protected. Through our thoughtful and careful adjudication of applications and petitions in the EB-5 Program, we can realize the intent of Congress to promote the immigration of people who invest capital into our nation's economy and help create jobs for U.S. workers.

II. The Preponderance of the Evidence Standard

As a preliminary matter, it is critical that our adjudication of EB-5 petitions and applications adhere to the correct standard of proof. In the EB-5 program, the petitioner or applicant must establish each element by a preponderance of the evidence. *See Matter of Chawathe*, 25 I&N Dec. 369, 375-376 (AAO 2010). That means that the petitioner or applicant must show that what he or she claims is more likely so than not so. This is a lower standard of proof than both the standard of "clear and convincing," and the standard "beyond a reasonable doubt" that typically applies to criminal cases. The petitioner or applicant does not need to remove all doubt from our adjudication. Even if an adjudicator has some doubt as to the truth, if the petitioner or applicant submits relevant, probative, and credible evidence that leads to the conclusion that the claim is "more likely than not" or "probably true", the petitioner or applicant has satisfied the standard of proof.

III. Ensuring Program Integrity

It is critical to our mission to ensure that we administer the EB-5 program with utmost vigilance to program integrity. Our operational teams work in collaboration with the Fraud Detection and National Security directorate and cases presenting issues relating to fraud, national security, or public safety should be referred as appropriate to law enforcement and regulatory authorities.

IV. The Three Elements of the EB-5 Program

The EB-5 Program is based on three main elements: (1) the immigrant's investment of capital, (2) in a new commercial enterprise, (3) that creates jobs. Each of these elements is explained below in the context of both the original EB-5 Program and the Immigrant Investor Program.

The Investment of Capital A.

The EB-5 Program is based in part on the fact that the United States economy will benefit from an immigrant's contribution of capital. It is also based on the view that the benefit to the U.S. economy is greatest when capital is placed at risk and invested into a new commercial enterprise that, as a result of the investment, creates at least ten jobs for U.S. workers. The regulations that govern the EB-5 Program define the terms "capital" and "investment" with this in mind.

"Capital" Defined 1.

The word "capital" in the EB-5 Program does not mean only cash. Instead, the word "capital" is defined broadly in the regulations to take into account the many different ways in which an individual can make a contribution of financial value to a business. The regulation defines "capital" as follows:

Capital means cash, equipment, inventory, other tangible property, cash equivalents, and indebtedness secured by assets owned by the alien entrepreneur [immigrant investor], provided that the alien entrepreneur [immigrant investor] is personally and primarily liable and that the assets of the new commercial enterprise upon which the petition is based are not used to secure any of the indebtedness. All capital shall be valued at fair market value in United States dollars. Assets acquired, directly or indirectly, by unlawful means (such as criminal activities) shall not be considered capital for the purposes of section 203(b)(5) of the Act.

8 C.F.R. § 204.6(e).

The definition of "capital" has been clarified in regulations and in precedent decisions that our Administrative Appeals Office (AAO) has issued:

First, the definition of "capital" is sufficiently broad that it includes not only such things 0 of value as cash, equipment, and other tangible property, but it can also include the immigrant investor's promise to pay (a promissory note), as long as the promise is secured by assets the immigrant investor owns, the immigrant investor is liable for the debt, and the assets of the immigrant investor do not for this purpose include assets of the company in which the immigrant is investing.

In our AAO's precedent decision Matter of Hsiung, 22 I&N Dec. 201, 204 (Assoc. Comm'r 1998), we reflected the fact that the immigrant investor's promissory note can constitute "capital" under the regulations if the note is secured by assets the petitioner owns. We also determined that:

- (1) The assets must be specifically identified as securing the promissory note;
- (2) Any security interest must be perfected to the extent provided for by the jurisdiction in which the asset is located; and,

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(3) The asset must be fully amenable to seizure by a U.S. note holder.

- Second, all of the capital must be valued at fair market value in United States dollars. 8 C.F.R. § 204.6(e) (definition of "capital"). The fair market value of a promissory note depends on its present value, not the value at any different time. Matter of Izummi, 22 I&N Dec. 169, 186 (Assoc. Comm'r 1998). Moreover, to qualify as capital for EB-5 purposes, "nearly all of the money due under a promissory note must be payable within two years, without provisions for extensions." Id. at 194.
- Third, the immigrant investor must establish that he or she is the legal owner of the capital invested. Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998).
- Fourth, any assets acquired directly or indirectly by unlawful means, such as criminal activity, will not be considered capital. The immigrant investor must demonstrate by a preponderance of the evidence that the capital was obtained through lawful means. According to the regulation, to make this showing the immigrant investor's petition must be accompanied, as applicable, by:
 - (1) Foreign business registration records; or,
 - (2) Corporate, partnership (or any other entity in any form which has filed in any country or subdivision thereof any return described in this list), and personal tax returns including income, franchise, property (whether real, personal, or intangible), or any other tax returns of any kind filed within five years, with any taxing jurisdiction in or outside the United States by or on behalf of the immigrant investor; or,
 - (3) Evidence identifying any other source(s) of capital; or,
 - (4) Certified copies of any judgments or evidence of all pending governmental civil or criminal actions, governmental administrative proceedings, and any private civil actions (pending or otherwise) involving monetary judgments against the immigrant investor from any court in or outside the United States within the past fifteen years.

8 C.F.R. § 204.6(j)(3)(i)-(iv).

"Invest" Defined 2.

The immigrant investor in the EB-5 Program is required to invest his or her capital. The petitioner must document the path of the funds in order to establish that the investment was his or her own funds. Matter of Izummi, 22 I&N Dec. at 195. The regulation defines "invest" as follows:

Invest means to contribute capital. A contribution of capital in exchange for a note, bond, convertible debt, obligation, or any other debt arrangement between the alien entrepreneur [immigrant investor] and the new commercial enterprise

does not constitute a contribution of capital

8 C.F.R. § 204.6(e).

The regulation also provides that, in order to qualify as an investment in the EB-5 Program, the immigrant investor must actually place his or her capital "at risk" for the purpose of generating a return, and that the mere intent to invest is not sufficient. The regulation provides as follows:

To show that the petitioner has invested or is actively in the process of investing the required amount of capital, the petition must be accompanied by evidence that the petitioner has placed the required amount of capital at risk for the purpose of generating a return on the capital placed at risk. Evidence of mere intent to invest, or of prospective investment arrangements entailing no present commitment, will not suffice to show that the petition is actively in the process of investing. The alien must show actual commitment of the required amount of capital.

8 C.F.R. § 204.6(j)(2).

The EB-5 Program is seeking to attract individuals from other countries who are willing to put their capital at risk in the United States, with the hope of a return on their investment, to help create U.S. jobs. The law does not specify what the degree of risk must be; the entire amount of capital need only be at risk to some degree.

If the immigrant investor is guaranteed the return of a portion of his or her investment, or is guaranteed a rate of return on a portion of his or her investment, then that portion of the capital is not at risk. Matter of Izummi, 22 I&N Dec. at 180-188. For the capital to be "at risk" there must be a risk of loss and a chance for gain. In our precedent decision Matter of Izummi, 22 I&N Dec. at 183-188, the AAO found that the capital was not at risk because the investment was governed by a redemption agreement that protected against the risk of loss of the capital and, therefore, constituted an impermissible debt arrangement under 8 C.F.R. § 204.6(e) as it was no different from the risk any business creditor incurs. Id. at 185. Furthermore, a promise to return any portion of the immigrant investor's minimum required capital negates the required element of risk. Thus, if the agreement between the new commercial enterprise and immigrant investor, such as a limited partnership agreement or operating agreement, provides that the investor may demand return of or redeem some portion of capital after obtaining conditional lawful permanent resident status (i.e., following approval of the investor's Form I-526 and subsequent visa issuance or, in the case of adjustment, approval of the investor's Form I-485), that portion of capital is not at risk. Similarly, if the investor is individually guaranteed the right to eventual ownership or use of a particular asset in consideration of the investor's contribution of capital into the new commercial enterprise, such as a home (or other real estate interest) or item of personal property, the expected present value of the guaranteed ownership or use of such asset does not count toward the total amount of the investor's capital contribution in determining how much money was truly placed at risk. Cf. Izummi at 184 (concluding that an investment cannot be considered a qualifying contribution of capital at risk to the extent of a guaranteed return). Nothing, however, precludes an investor from receiving a return on his or her capital (i.e., a

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distribution of profits) during or after the conditional residency period, so long as prior to or during the two-year conditional residency period, and before the requisite jobs have been created, the return is not a portion of the investor's principal investment and was not guaranteed to the investor.

An investor's money may be held in escrow until the investor has obtained conditional lawful permanent resident status if the immediate and irrevocable release of the escrowed funds is contingent only upon approval of the investor's Form I-526 and subsequent visa issuance and admission to the United States as a conditional permanent resident or, in the case of adjustment of status, approval of the investor's Form I-485. An investor's funds may be held in escrow within the United States to avoid any evidentiary issues that may arise with respect to issues such as significant currency fluctuations¹ and foreign capital export restrictions. Use of foreign escrow accounts however is not prohibited as long as the petition establishes that it is more likely than not that the minimum qualifying capital investment will be transferred to the new commercial enterprise in the United States upon the investor obtaining conditional lawful permanent resident status. At the Form I-829 stage, USCIS will require evidence verifying that the escrowed funds were released and that the investment was sustained in the new commercial enterprise.

The Amount of Capital That Must be Invested 3.

The statute governing the EB-5 Program provides that the immigrant investor must invest at least \$1,000,000 in capital in a new commercial enterprise that creates not fewer than ten jobs. As discussed above, this means that the present fair market value, in United States dollars, of the immigrant investor's lawfully-derived capital must be at least \$1,000,000. 8 U.S.C. § 1153(b)(5)(C)(i).

An exception exists if the immigrant investor invests his or her capital in a new commercial enterprise that is principally doing business in, and creates jobs in, a "targeted employment area." In such a case, the immigrant investor must invest a minimum of \$500,000 in capital. 8 U.S.C. § 1153(b)(5)(C)(ii); 8 C.F.R. § 204.6(f)(2). See Section 3.a below for the definition of where the new commercial enterprise is "principally doing business."

An immigrant investor may diversify his or her total EB-5 investment across a portfolio of businesses or projects, so long as the minimum investment amount is placed in a single commercial enterprise. For immigrant investors who are not associated with a regional center, the capital may be deployed into a portfolio of wholly-owned businesses, so long as all capital is deployed through a single commercial enterprise and all jobs are created directly within that commercial enterprise or through the portfolio of businesses that received the EB-5 capital through that commercial enterprise. For example, in an area in which the minimum investment

¹ It should be noted that when funds are held in escrow outside the United States, USCIS will review currency exchange rates at the time of adjudicating the I-526 petition to determine if it is more likely than not that the minimum qualifying capital investment will be made. At the I-829 stage, USCIS will review the evidence in the record, including currency exhange rates at the time of transfer, to determine that when the funds were actually transferred to the United States, the minimum qualifying capital investment was actually made.

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amount is \$1,000,000, the investor can satisfy the statute if the investor invests in a commercial enterprise that deploys \$600,000 of the investment toward one business that it wholly owns, and \$400,000 of the investment toward another business that it wholly owns. See 8 C.F.R. § 204.6(e). (In this instance, the two wholly-owned businesses would have to create an aggregate of ten new jobs between them.) An investor cannot qualify, on the other hand, by investing \$600,000 in one commercial enterprise and \$400,000 in a separate commercial enterprise.

In the regional center context, where indirect jobs may be counted, the commercial enterprise may create jobs indirectly through multiple investments in corporate affiliates or in unrelated entities, but the investor cannot qualify by investing directly in those multiple entities. Rather, the investor's capital must still be invested in a single commercial enterprise, which can then deploy that capital in multiple ways as long as one or more of the portfolio of businesses or projects can create the required number of jobs.

"Targeted Employment Area" Defined a.

The statute and regulations governing the EB-5 Program defines a "targeted employment area" as, at the time of investment, a rural area or an area that has experienced unemployment of at least 150 percent of the national average rate. A "rural area" is defined as any area not within either a metropolitan statistical area (as designated by the Office of Management and Budget) or the outer boundary of any city or town having a population of 20,000 or more (based on the most recent decennial census of the United States). 8 U.S.C. § 1153(b)(5)(B)(ii), (iii); 8 C.F.R. § 204.6(e). In other words, a rural area must be both outside of a metropolitan statistical area and outside of a city or town having a population of 20,000 or more.

Congress expressly provided for a reduced investment amount in a rural area or an area of high unemployment in order to spur immigrants to invest in new commercial enterprises that are principally doing business in, and creating jobs in, areas of greatest need. In order for the lower capital investment amount of \$500,000 to apply, the new commercial enterprise into which the immigrant invests or the actual job creating entity must be principally doing business in the targeted employment area.

For the purpose of the EB-5 Program, a new commercial enterprise is "principally doing business" in the location where it regularly, systematically, and continuously provides goods or services that support job creation. If the new commercial enterprise provides such goods or services in more than one location, it will be deemed to be "principally doing business" in the location that is most significantly related to the job creation. Factors to be considered in making this determination may include, but are not limited to, (1) the location of any jobs directly created by the new commercial enterprise; (2) the location of any expenditure of capital related to the creation of jobs; (3) where the new commercial enterprise conducts its day-to-day operation; and (4) where the new commercial enterprise maintains its assets that are utilized in the creation of jobs. Matter of Izummi, 22 I&N Dec. at 174.

As discussed fully below, investments through the Immigrant Investor Program can be made through regional centers and the new commercial enterprise may seek to establish indirect job creation. In these cases, the term "principally doing business" will apply to the job-creating

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enterprise rather than the new commercial enterprise. See 8 C.F.R. § 204.6(j)(6); *Matter of Izummi*, 22 I&N Dec. at 171-73 (discussing the location of commercial enterprises to which the new commercial enterprise made loans).

The immigrant investor may seek to have a geographic or political subdivision designated as a targeted employment area. To do so, the immigrant investor must demonstrate that the targeted employment area meets the statutory and regulatory criteria through the submission of: (1) evidence that the area is outside of a metropolitan statistical area and outside of a city or town having a population of 20,000 or more; (2) unemployment data for the relevant metropolitan statistical area or county; or (3) a letter from the state government designating a geographic or political subdivision located outside a rural area but within its own boundaries as a high unemployment area. 8 C.F.R. § 204.6(j)(6).

b. A State's Designation of a Targeted Employment Area

The regulation provides that a state government may designate a geographic or political subdivision within its boundaries as a targeted employment area based on high unemployment. Before the state may make such a designation, an official of the state must notify USCIS of the agency, board, or other appropriate governmental body of the state that will be delegated the authority to certify that the geographic or political subdivision is a high unemployment area. The state may then send a letter from the authorized body of the state certifying that the geographic or political subdivision of the metropolitan statistical area or of the city or town with a population of 20,000 or more in which the enterprise is principally doing business has been designated a high unemployment area. 8 C.F.R. § 204.6(i).

Consistent with the regulations, USCIS defers to state determinations of the appropriate boundaries of a geographic or political subdivision that constitutes the targeted employment area. However, for all TEA designations, USCIS must still ensure compliance with the statutory requirement that the proposed area designated by the state in fact has an unemployment rate of at least 150 percent of the national average rate. For this purpose, USCIS will review state determinations of the unemployment rate and, in doing so, USCIS can assess the method or methods by which the state authority obtained the unemployment statistics. Acceptable data sources for purposes of calculating unemployment include U.S. Census Bureau data (including data from the American Community Survey) and data from the Bureau of Labor Statistics (including data from the Local Area Unemployment Statistics).

There is no provision that allows a state to designate a rural area.

B. New Commercial Enterprise

As discussed at the beginning of this PM, the EB-5 Program eligibility requirements are based on the fact that the U.S. economy will benefit from an immigrant investor's investment of capital into a new commercial enterprise that, as a result of the investment, creates at least ten jobs for U.S. workers. We have discussed above the requirements regarding "capital" and "investment." We now turn to the definition of, and requirements for, a "new commercial enterprise."

1. "Commercial Enterprise" Defined

First, the regulation governing the EB-5 Program defines the term "commercial enterprise" broadly, consistent with the realities of the business world and the many different forms and types of structures that job-creating activities can have. The regulation defines a "commercial enterprise" as follows:

[A]ny for-profit activity formed for the ongoing conduct of lawful business.

8 C.F.R. § 204.6(e).

The regulation provides a list of examples of commercial enterprises. It specifically states that the list is only of examples, and is not a complete list of the many forms a commercial enterprise can have. The examples listed are:

[A] sole proprietorship, partnership (whether limited or general), holding company, joint venture, corporation, business trust, or other entity which may be publicly or privately owned. This definition includes a commercial enterprise consisting of a holding company and its wholly-owned subsidiaries, provided that each such subsidiary is engaged in a for-profit activity formed for the ongoing conduct of a lawful business.

8 C.F.R. § 204.6(e).

Finally, the regulation provides that the commercial enterprise must be one that is designed to make a profit, unlike, for example, some charitable organizations, and it does not include "a noncommercial activity such as owning and operating a personal residence." 8 C.F.R. § 204.6(e).

2. "New" Defined

In its effort to spur job creation through a wide variety of businesses and projects, the EB-5 Program has presented a broad definition of what constitutes a "new" commercial enterprise into which the immigrant investor can invest the required amount of capital and help create jobs.

The EB-5 Program defines "new" as "established after November 29, 1990." 8 C.F.R. § 204.6(e). The immigrant investor can invest the required amount of capital in a commercial enterprise that was established after November 29, 1990 to qualify for the EB-5 Program, provided the other eligibility criteria are met.

In addition, in the EB-5 Program a "new" commercial enterprise also means a commercial enterprise that was established before November 29, 1990 if the enterprise will be restructured or expanded through the immigrant investor's investment of capital:

The Purchase of an Existing Business That is Restructured or a. Reorganized

The immigrant investor can invest in an existing business, regardless of when that business was first created, provided that the existing business is simultaneously or subsequently restructured or reorganized such that a new commercial enterprise results. 8 C.F.R. § 204.6(h)(2). The facts of Matter of Soffici---where an investor purchased a Howard Johnson hotel and continued to run it as a Howard Johnson hotel-were not sufficient to establish a qualifying restructuring or reorganization. 22 I&N Dec. 158, 166 (Assoc. Comm'r 1998) ("A few cosmetic changes to the decor and a new marketing strategy for success do not constitute the kind of restructuring contemplated by the regulations, nor does a simple change in ownership."). On the other hand, examples that could qualify as restructurings or reorganizations include a plan that converts a restaurant into a nightclub, or a plan that adds substantial crop production to an existing livestock farm.

The Expansion of An Existing Business b.

The immigrant investor can invest in an existing business, regardless of when that business was first created, provided that a substantial change in the net worth or number of employees results from the investment of capital. 8 C.F.R. § 204.6(h)(3).

"Substantial change" is defined as follows:

[A] 40 percent increase either in the net worth, or in the number of employees, so that the new net worth, or number of employees amounts to at least 140 percent of the pre-expansion net worth or number of employees.

8 C.F.R. § 204.6(h)(3).

Investment in a new commercial enterprise in this manner does not exempt the immigrant investor from meeting the requirements relating to the amount of capital that must be invested and the number of jobs that must be created. 8 C.F.R. § 204.6(h)(3).

Pooled Investments in Non-Regional Center Cases 3.

The EB-5 Program provides that a new commercial enterprise can be used as the basis for the petition of more than one immigrant investor. Each immigrant investor must invest the required amount of capital and each immigrant investor's investment must result in the required number of jobs. Furthermore, the new commercial enterprise can have owners who are not seeking to enter the EB-5 Program, provided that the source(s) of all capital invested is (or are) identified and all invested capital has been derived by lawful means. 8 C.F.R. § 204.6(g).

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4. Evidence of the Establishment of a New Commercial Enterprise

To show that the new commercial enterprise has been established, the immigrant investor must present the following evidence, in addition to any other evidence we deem appropriate:

- as applicable, articles of incorporation, certificate of merger or consolidation, partnership agreement, certificate of limited partnership, joint venture agreement, business trust agreement, or other similar organizational document for the new commercial enterprise; or,
- (2) A certificate evidencing authority to do business in a state or municipality or, if the form of the business does not require any such certificate or the state or municipality does not issue such a certificate, a statement to that effect; or,
- (3) Evidence that, as of a date certain after November 29, 1990, the required amount of capital for the area in which an enterprise is located has been transferred to an existing business, and that the investment has resulted in a substantial increase in the net worth or number of employees of the business to which the capital was transferred. This evidence must be in the form of stock purchase agreements, investment agreements, certified financial reports, payroll records, or any similar instruments, agreements, or documents evidencing the investment in the commercial enterprise and the resulting substantial change in the net worth or number of employees.

8 C.F.R. § 204.6(j), (j)(1)(i)-(iii).

5. Evidence of the Investment in a New Commercial Enterprise

In order for the immigrant investor to show that he or she has committed the required amount of capital to the new commercial enterprise, the evidence presented may include, but is not limited to, the following:

- (1) Bank statement(s) showing amount(s) deposited in United States business account(s) for the enterprise;
- (2) Evidence of assets which have been purchased for use in the United States enterprise, including invoices, sales receipts, and purchase contracts containing sufficient information to identify such assets, their purchase costs, date of purchase, and purchasing entity;
- (3) Evidence of property transferred from abroad for use in the United States enterprise, including United States Customs Service commercial entry documents, bills of lading, and transit insurance policies containing

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> ownership information and sufficient information to identify the property and to indicate the fair market value of such property;

- (4) Evidence of monies transferred or committed to be transferred to the new commercial enterprise in exchange for shares of stock (voting or nonvoting, common or preferred). Such stock may not include terms requiring the new commercial enterprise to redeem it at the holder's request; or
- (5) Evidence of any loan or mortgage agreement, promissory note, security agreement, or other evidence of borrowing which is secured by assets of the petitioner, other than those of the new commercial enterprise, and for which the petitioner is personally and primarily liable.

8 C.F.R. § 204.6(j)(2)(i)-(v).

6. The Requirement that the Immigrant Investor be Engaged in the Management of the New Commercial Enterprise

The EB-5 Program requires the immigrant investor to be engaged in the management of the new commercial enterprise, either through the exercise of day-to-day managerial responsibility or through policy formulation. It is not enough that the immigrant investor maintain a purely passive role in regard to his or her investment. 8 C.F.R. § 204.6(j)(5).

To show that the immigrant investor is or will be engaged in the exercise of day-to-day managerial control or in the exercise of policy formulation, the immigrant investor must submit:

- (1) A statement of the position title that the immigrant investor has or will have in the new enterprise and a complete description of the position's duties; or,
- (2) Evidence that the immigrant investor is a corporate officer or a member of the corporate board of directors; or,
- (3) If the new enterprise is a partnership, either limited or general, evidence that the immigrant investor is engaged in either direct management or policy making activities. If the petitioner is a limited partner and the limited partnership agreement provides the immigrant investor with certain rights, powers, and duties normally granted to limited partners under the Uniform Limited Partnership Act, the immigrant investor will be considered sufficiently engaged in the management of the new commercial enterprise.

8 C.F.R. § 204.6(j)(5)(i)-(iii).

7. The Location of the New Commercial Enterprise in a Regional Center

As previously mentioned, there is a regional center model within the EB-5 Program that allows for not only "direct job" creation, but "indirect job creation" as demonstrated by reasonable methodologies. Originally introduced as a "pilot program," and now titled the "Immigrant Investor Program," the program provides investors with expanded opportunities to demonstrate job creation in accordance with a series of job creation rules discussed below. "Regional center" is defined as follows:

Regional center means any economic unit, public or private, which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment.

8 C.F.R. § 204.6(e).

A regional center that wants to participate in the Immigrant Investor Program must submit a proposal using Form I-924, that:

- Clearly describes how the regional center focuses on a geographical (1)region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;
- Provides in verifiable detail how jobs will be created directly or indirectly; (2)
- Provides a detailed statement regarding the amount and source of capital (3)which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;
- Contains a detailed prediction regarding the manner in which the regional (4) center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and,
- (5)Is supported by economically or statistically sound valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

8 C.F.R. § 204.6(m)(3)(i)-(v).

USCIS will review the proposed geographic boundaries of a new regional center and will deem them acceptable if the applicant can establish by a preponderance of the evidence that the

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proposed economic activity will promote economic growth in the proposed area. The question is a fact-specific one and the law does not require any particular form of evidentiary showing, such as a county-by-county analysis. In USCIS's experience, the reasonableness of proposed regional center geographic boundaries may be demonstrated through evidence that the proposed area is contributing significantly to the supply chain, as well as the labor pool, of the proposed projects.

The Immigrant Investor Program was implemented with the goal of spurring greater economic growth in the geographic area in which a regional center is developed. The regional center model within the Immigrant Investor Program can offer an immigrant investor already-defined investment opportunities, thereby reducing the immigrant investor's responsibility to identify acceptable investment vehicles. As discussed fully below, if the new commercial enterprise is located within and falls within the economic scope of the defined regional center, different job creation requirements apply.

A regional center can contain one or more new commercial enterprises.

The level of verifiable detail required for a Form I-924 to be approved and provided deference may vary depending on the nature of the Form I-924 filing. If the Form I-924 projects are "hypothetical" projects,² general proposals and general predictions may be sufficient to determine that the proposed regional center will more likely than not promote economic growth, improved regional productivity, job creation, and increased domestic capital investment. Determinations based on hypothetical projects, however, will not receive deference and the actual projects on which the Form I-526 petitions will be based will receive de novo review during the subsequent filing (e.g., an amended Form I-924 application including the actual project details or the first Form I-526 petition filed by an investor under the regional center project). Organizational and transactional documents submitted with a Form I-924 hypothetical project will not be reviewed to determine compliance with program requirements since these documents will receive de novo review in subsequent filings. If an applicant desires review of organizational and transactional documents for program compliance, a Form I-924 application with a Form I-526 exemplar should be submitted.

Form I-924 applications that are based on actual projects may require more details than a hypothetical project in order to conclude that the proposal contains verifiable details and is supported by economically or statistically sound forecasting tools.³ Determinations based on

² An "actual project" refers to a specific project proposal that is supported by a Matter of Ho compliant business plan. A "hypothetical project" refers to a project proposal that is not supported by a Matter of Ho compliant business plan. The term "exemplar" refers to a sample Form I-526 petition, filed with a Form I-924 actual project proposal, that contains copies of the commercial enterprise's organizational and transactional documents, which USCIS will review to determine if they are in compliance with established EB-5 eligibility requirements.

³ In cases where the Form I-924 is filed based on actual projects that do not contain sufficient verifiable detail, the projects may still be approved as hypothetical projects if they contain the requisite general proposals and predictions. The projects approved as hypotheticals, however, will not receive deference. In cases where some projects are approvable as actual projects, and others are not approvable or only approvable as hypothetical projects, the approval notice should contain a statement identifying which projects have been approved as actual projects and will be accorded deference and those projects that have been approved as hypothetical projects but will not be accorded deference.

actual projects, however, will be accorded deference to subsequent filings under the project involving the same material facts and issues. While an amended Form I-924 application is not required to perfect a hypothetical project once the actual project details are available, some applicants may choose to file an amended Form I-924 application with a Form I-526 exemplar in order to obtain a favorable determination which will be accorded deference in subsequent related filings, absent material change, fraud, willful misrepresentation, or a legally deficient determination (discussed in more detail below).

C. The Creation of Jobs

In developing the EB-5 Program, Congress intended to promote the immigration of people who invest capital into our nation's economy and help create jobs for U.S. workers. Therefore, the creation of jobs for U.S. workers is a critical element of the EB-5 Program.

It is not enough that the immigrant invests funds into the U.S. economy; the investment must result in the creation of jobs for qualifying employees. As discussed fully below, the EB-5 Program provides that each investment of the required amount of capital in a new commercial enterprise must result in the creation of at least ten jobs.

It is important to recognize that while the immigrant's investment must result in the creation of jobs for qualifying employees, it is the new commercial enterprise that creates the jobs.⁴ This distinction is best illustrated in the non-regional center context by an example:

Ten immigrant investors seek to establish a hotel as their new commercial enterprise. The establishment of the new hotel requires capital to pay financing costs to unrelated third parties, purchasing the land, developing the plans, obtaining the licenses, building the structure, taking care of the grounds, staffing the hotel, and the many other types of expenses involved in the development and operation of a new hotel. The immigrant's investments can go to pay part or all of any of these expenses. Each immigrant's investment of the required amount of capital helps the new commercial enterprise - the new hotel – create ten jobs. The ten immigrants' investments must result in the new hotel's creation of 100 jobs for qualifying employees (ten jobs resulting per each individual immigrant's capital investment).

See 8 C.F.R. §204.6(j) (it is the new commercial enterprise that will create the ten jobs).

Since it is the commercial enterprise that creates the jobs, the developer or the principal of the new commercial enterprise, either directly or through a separate job-creating entity, may utilize interim, temporary or bridge financing – in the form of either debt or equity – prior to receipt of EB-5 capital. If the project commences based on the interim or bridge financing prior to the receipt of the EB-5 capital and subsequently replaces it with EB-5 capital, the new commercial enterprise may still receive credit for the job creation under the regulations. Generally, the replacement of bridge financing with EB-5 investor capital should have been contemplated prior

⁴ 8 C.F.R § 204.6(j)(4)(i).

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to acquiring the original non-EB-5 financing. However, even if the EB-5 financing was not contemplated prior to acquiring the temporary financing, as long as the financing to be replaced was contemplated as short-term temporary financing which would be subsequently replaced, the infusion of EB-5 financing could still result in the creation of, and credit for, new jobs. For example, the non EB-5 financing originally contemplated to replace the temporary financing may no longer be available to the commercial enterprise as a result of changes in availability of traditional financing. Developers should not be precluded from using EB-5 capital as an alternative source to replace temporary financing simply because it was not contemplated prior to obtaining the bridge or temporary financing.

It is also important to note that the full amount of the immigrant's investment must be made available to the business(es) most closely responsible for creating the jobs upon which EB-5 eligibility is based. Matter of Izummi, 22 I&N Dec. at 179. Thus, in the regional center context, if the new commercial enterprise is not the job-creating entity, then the full amount of the capital must be first invested in the new commercial enterprise and then made available to the jobcreating entity. Id.

Full-Time Positions For Qualifying Employees 1.

The EB-5 Program requires that the immigrant investor invest the required amount of capital in a new commercial enterprise in the United States that "will create full-time positions for not fewer than 10 qualifying employees." 8 C.F.R. § 204.6(j).

An "employee" is defined as follows:

Employee means an individual who provides services or labor for the new commercial enterprise and who receives wages or other remuneration directly from the new commercial enterprise.

8 C.F.R. § 204.6(e).

The employee must be a "qualifying employee" for the purpose of the EB-5 Program's job creation requirement. A "qualifying employee" is defined as follows:

Qualifying employee means a United States citizen, a lawfully admitted permanent resident, or other immigrant lawfully authorized to be employed in the United States including, but not limited to, a conditional resident, a temporary resident, an asylee, a refugee, or an alien remaining in the United States under suspension of deportation. This definition does not include the alien entrepreneur [immigrant investor], the alien entrepreneur's spouse [immigrant investor's], sons, or daughters, or any nonimmigrant alien.

8 C.F.R. § 204.6(e).

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The EB-5 Program's job creation requirement provides that it is "full-time employment" that must be created for the ten or more qualifying employees. INA § 203(b)(5)(A)(ii), 8 U.S.C. § 1153(b)(5)(A)(ii). "Full-time employment" is defined as follows:

Full-time employment means employment of a qualified employee by the new commercial enterprise in a position that requires a minimum of 35 working hours per week.

A full-time employment position can be filled by two or more qualifying employees in a job sharing arrangement as long as the 35-working-hours-per-week requirement is met. However, a full-time employment position cannot be filled by combinations of part-time positions, even if those positions when combined meet the hourly requirement. 8 C.F.R. § 204.6(e). Direct jobs that are intermittent, temporary, seasonal, or transient in nature do not qualify as full-time jobs for EB-5 purposes. Consistent with prior USCIS interpretation, however, jobs that are expected to last for at least two years generally are not intermittent, temporary, seasonal, or transient in nature.

Due to the nature of accepted job creation modeling practices, which do not distinguish whether jobs are full- or part-time, USCIS relies upon the reasonable economic models to determine that it is more likely than not that the indirect jobs are created and will not request additional evidence to validate the job creation estimates in the economic models to prove by a greater level of certainty that the indirect jobs created, or to be created, are full-time or permanent. USCIS may, however, request additional evidence to verify that the direct jobs will be or are full-time and permanent, which may include a review of W-2s or similar evidence at the Form I-829 stage.

Job Creation Requirement 2.

As previously discussed, the centerpiece of the EB-5 Program is the creation of jobs. The immigrant investor seeking to enter the United States through the EB-5 Program must invest the required amount of capital in a new commercial enterprise that will create full-time positions for at least ten qualified employees.

There are three measures of job creation in the EB-5 Program, depending on the new commercial enterprise and where it is located:

Troubled Business a.

The EB-5 Program recognizes that in the case of a troubled business, our economy benefits when the immigrant investor helps preserve the troubled business's existing jobs. Therefore, when the immigrant investor is investing in a new commercial enterprise that is a troubled business or, in the regional center context, is placing capital into a job-creating entity that is a troubled business, the immigrant investor must only show that the number of existing employees in the troubled business is being or will be maintained at no less than the pre-investment level for a period of at least two years. 8 C.F.R. § 204.6(j)(4)(ii).
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This regulatory provision, while allowing job preservation in lieu of job creation, does not decrease the statutory numeric requirement; in the case of a troubled business, ten jobs must be preserved, created, or some combination of the two (e.g., an investment in a troubled business that creates four qualifying jobs and preserves all six pre-investment jobs would satisfy the statutory and regulatory requirements).

A troubled business is defined as follows:

[A] business that has been in existence for at least two years, has incurred a net loss for accounting purposes (determined on the basis of generally accepted accounting principles) during the twelve- or twenty-four month period prior to the priority date on the alien entrepreneur's [immigrant investor's] Form I-526, and the loss for such period is at least equal to twenty percent of the troubled business's net worth prior to such loss. For purposes of determining whether or not the troubled business has been in existence for two years, successors in interest to the troubled business will be deemed to have been in existence for the same period of time as the business they succeeded.

8 C.F.R. § 204.6(e).

b. **New Commercial Enterprise Not Associated** With a Regional Center

For a new commercial enterprise that is not associated with a regional center, the EB-5 Program provides that the full-time positions must be created directly by the new commercial enterprise to be counted. This means that the new commercial enterprise (or its wholly-owned subsidiaries) must itself be the employer of the qualified employees who fill the new full-time positions. 8 C.F.R. § 204.6(e) (definition of employee).

c. **New Commercial Enterprise Located Within** and Associated With a Regional Center

For a new commercial enterprise that is located within a regional center, the EB-5 Program provides that the full-time positions can be created either directly or indirectly by the new commercial enterprise. 8 C.F.R. § 204.6((j)(4)(iii). Investors investing in a regional center are subject to all the same program requirements except that they may rely on indirect job creation as demonstrated through reasonable methodologies. 8 C.F.R. §§ 204.6(m)(1), (7).

Indirect jobs are those that are held outside of the new commercial enterprise but are created as a result of the new commercial enterprise. For indirect jobs, the new full-time employees would not be employed directly by the new commercial enterprise. For example, indirect jobs can include, but are not limited to, those held by employees of the producers of materials, equipment, or services used by the new commercial enterprise. Indirect jobs can qualify and be counted as jobs attributable to a regional center, based on reasonable economic methodologies, even if they are located outside of the geographical boundaries of a regional center.

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For purposes of demonstrating indirect job creation, petitioners must employ reasonable economic methodologies to establish by a preponderance of the evidence that the required infusion of capital or creation of direct jobs will result in a certain number of indirect jobs.

Evidence of Job Creation 3.

In order to show that a new commercial enterprise will create not fewer than ten full-time positions for qualifying employees, an immigrant investor must submit the following evidence:

(A) Documentation consisting of photocopies of relevant tax records, Form I-9, or other similar documents for ten (10) qualifying employees, if such employees have already been hired following the establishment of the new commercial enterprise; or,

(B) A copy of a comprehensive business plan showing that, due to the nature and projected size of the new commercial enterprise, the need for not fewer than ten (10) qualifying employees will result, including approximate dates, within the next two years, and when such employees will be hired.

8 C.F.R. § 204.6(j)(4)(i).

For purposes of the Form I-526 adjudication and the job creation requirements, the two-year period described in 8 C.F.R. § 204.6(j)(4)(i)(B) is deemed to commence six months after the adjudication of the Form I-526. The business plan filed with the Form I-526 should reasonably demonstrate that the requisite number of jobs will be created by the end of this two-year period.

Our AAO precedent decision has articulated the standards by which USCIS will review a business plan:

The plan should contain a market analysis, including the names of competing businesses and their relative strengths and weaknesses, a comparison of the competition's products and pricing structures, and a description of the target market/prospective customers of the new commercial enterprise. The plan should list the required permits and licenses obtained. If applicable, it should describe the manufacturing or production process, the materials required, and the supply sources. The plan should detail any contracts executed for the supply of materials and/or the distribution of products. It should discuss the marketing strategy of the business, including pricing, advertising, and servicing. The plan should set forth the business's organizational structure and its personnel's experience. It should explain the business's staffing requirements and contain a timetable for hiring, as well as job descriptions for all positions. It should contain sales, cost, and income projections and detail the bases therefore. Most importantly, the business plan must be credible.

Matter of Ho, 22 I&N Dec. at 213. USCIS will review the business plan in its totality to determine if it is more likely than not that the business plan is comprehensive and credible. A Case 9:16-cv-81871-XXXX Document 1-34 Entered on FLSD Docket 11/14/2016 Page 48 of 55

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business plan is not required to contain all of the detailed elements described above, but the more details the business plan contains, as described in Matter of Ho, the more likely it is that the plan will be considered comprehensive and credible.

In the case of a troubled business, a comprehensive business plan must accompany the other required evidentiary documents. 8 C.F.R. § 204.6(j)(4)(ii). In the case of a new commercial enterprise within a regional center, the direct or indirect job creation may be demonstrated by the types of documents identified above or by reasonable methodologies. 8 C.F.R. § 204.6(j)(4)(iii).

When there are multiple investors in a new commercial enterprise, the total number of full-time positions created for qualifying employees will be allocated only to those immigrant investors who have used the establishment of the new commercial enterprise as the basis for their entry in the EB-5 Program. An allocation does not need to be made among persons not seeking classification in the EB-5 Program, nor does an allocation need to be made among non-natural persons (such as among investing corporations). 8 C.F.R. § 204.6(g)(2).

In general, multiple EB-5 investors petitioning through a regional center or on a standalone basis may not claim credit for the same specific new job. Thus, as a general matter, a petitioner or applicant may not seek credit for the same specifically identified job position that has already been allocated in a previously approved case.

V. **Procedural Issues**

The EB-5 Program provides that the immigrant investor will file an initial petition and supporting documentation to be classified as eligible to apply for an EB-5 visa through USCIS's adjustment of status process within the United States or through the Department of State's visa application process abroad. Upon adjustment of status or admission to the United States, the immigrant investor is a conditional lawful permanent resident. INA § 216A(a). The EB-5 Program further provides that if, two years after obtaining conditional permanent resident status, the immigrant investor has sustained the investment, created or can be expected to create within a reasonable period of time ten full-time jobs to qualifying employees, and is otherwise conforming to the EB-5 Program's requirements, the conditions generally will be removed and the immigrant investor will be an unconditional lawful permanent resident. INA § 216A(d)(1); 8 C.F.R. § 216.6(c).

The Sequence of Individual Investor Filings A.

An immigrant investor seeking admission into the United States as a lawful permanent resident will proceed in the following sequence:

1. The Form I-526 Petition

For an immigrant investor who is investing in a new commercial enterprise that is not part of a regional center, the immigrant investor will file a Form I-526 that, together with the supporting evidence, demonstrates by a preponderance of the evidence that the immigrant investor has invested, or is actively in the process of investing, lawfully

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> obtained capital in a new commercial enterprise in the United States that will create fulltime positions for not fewer than ten qualifying direct employees.

- For an immigrant investor who is investing in a new commercial enterprise that is part of a regional center:
 - The entity seeking designation as a regional center will file a Form I-924 that, 0 together with the supporting evidence, demonstrates by a preponderance of the evidence that the requirements for a regional center have been met. The individuals who establish the regional center can be, but need not be, the immigrant investors themselves; and,
 - Once USCIS designates the entity as a regional center, each immigrant investor will file a Form I-526 that, together with the supporting evidence, demonstrates by a preponderance of the evidence that the immigrant investor has invested, or is actively in the process of investing, lawfully obtained capital in a new commercial enterprise in the United States that will create directly or indirectly full-time positions for not fewer than ten qualifying employees.

It is important to note that at this preliminary Form I-526 filing stage, the immigrant investor must demonstrate his or her commitment to invest the capital but need not establish that the required capital already has been invested; it is sufficient if the immigrant investor demonstrates that he or she is actively in the process of investing the required capital. However, evidence of a mere intent to invest or of prospective investment arrangements entailing no present commitment will not suffice. 8 C.F.R. § 204.6(j)(2); see Matter of Ho, 22 I&N Dec. at 210. Similarly, at this preliminary stage the immigrant investor need not establish that the required jobs already have been created; it is sufficient if the immigrant investor demonstrates in a business plan that it is more likely than not that the required jobs will be created. 8 C.F.R. § 204.6(j); 8 C.F.R. § 204.6(m).

The Form I-829 Petition 2.

Within ninety days prior to the two-year anniversary of the date on which the immigrant investor obtained conditional lawful permanent resident status, the immigrant investor will file a Form I-829 to remove the conditions. The Form I-829 petition to remove conditions must be accompanied by the following evidence:

Evidence that the immigrant investor invested or was actively in the (1)process of investing the required capital and sustained this action throughout the period of the immigrant investor's residence in the United States. The immigrant investor can make this showing if he or she has, in good faith, substantially met the capital investment requirement and continuously maintained his or her capital investment over the two years of conditional residence. At this stage the immigrant investor need not have invested all of the required capital, but must have substantially met that requirement. The evidence may include, but is not limited to, an PM-602-0083: EB-5 Adjudications Policy Page 22

> audited financial statement or other probative evidence such as bank statements, invoices, receipts, contracts, business licenses, Federal or State income tax returns, and Federal or State quarterly tax statements; and,

Evidence that the commercial enterprise created or can be expected to (2)create, within a reasonable time, ten full-time jobs for qualifying employees. In the case of a troubled business, the immigrant investor must submit evidence that the commercial enterprise maintained the number of existing employees at no less than the pre-investment level for the period following his or her admission as a conditional permanent resident. At least ten jobs must be preserved or created per immigrant investor. The evidence may include, but is not limited to, payroll records, relevant tax documents, and Forms I-9.

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See 8 C.F.R. § 216.6(a)(4)(ii-iv).

It is also important to note that the EB-5 Program allows an immigrant investor to become a lawful permanent resident, without conditions, if the immigrant investor has established a new commercial enterprise, substantially met the capital requirement, and can be expected to create within a reasonable time the required number of jobs. All of the goals of capital investment and job creation need not have been fully realized before the conditions on the immigrant investor's status have been removed. Rather, the regulations require the submission of documentary evidence that establishes that it is more likely than not that the investor is in "substantial" compliance with the capital requirements and that the jobs will be created "within a reasonable time."

The "within a reasonable time" requirement permits a degree of flexibility to account for the realities and unpredictability of starting a business venture, but it is not an open-ended allowance. The regulations require that the business plan submitted with Form I-526 establish a likelihood of job creation "within the next two years," 8 C.F.R. § 204.6(j)(4)(i)(B), demonstrating an expectation that EB-5 projects will generally create jobs within such a timeframe. Whether a lengthier timeframe for job creation presented in a Form I-829 is "reasonable" is to be decided based on the totality of the circumstances presented, and USCIS has latitude under the law to request additional evidence concerning those circumstances. Because the law contemplates two years as the baseline expected period in which job creation will take place, jobs that will be created within a year of the two-year anniversary of the alien's admission as a conditional permanent resident or adjustment to conditional permanent resident may generally be considered to be created within a reasonable period of time. Jobs projected to be created beyond that time horizon usually will not be considered to be created within a reasonable time, unless extreme circumstances, such as *force majeure*, are presented.

В. **Regional Center Amendments**

Because businesses strategies constantly evolve, with new opportunities identified and existing plans improved, the instructions to Form I-924 provide that a regional center may amend a previously-approved designation. The Form I-924 provides a list of acceptable amendments, to PM-602-0083: EB-5 Adjudications Policy Page 23

include changes to organizational structure or administration, capital investment projects (including changes in the economic analysis and underlying business plan used to estimate job creation for previously-approved investment opportunities), and an affiliated commercial enterprise's organizational structure, capital investment instruments or offering memoranda.

Such formal amendments to the regional center designation, however, are not required when a regional center changes its industries of focus, its geographic boundaries, its business plans, or its economic methodologies. A regional center may elect to pursue an amendment if it seeks certainty in advance that such changes will be permissible to USCIS before they are adjudicated at the I-526 stage, but the regional center is not required to do so. Of course, all regional centers "must provide updated information to demonstrate the center is continuing to promote economic growth, improved regional productivity, job creation, or increased domestic capital investment in the approved geographic area . . . on an annual basis," 8 C.F.R. § 204.6(m)(6), through the filing of their annual Form I-924A.

Deference to Previous Agency Determination С.

Distinct EB-5 eligibility requirements must be met at each stage of the EB-5 immigration process. Where USCIS has evaluated and approved certain aspects of an EB-5 investment, that favorable determination should generally be given deference at a subsequent stage in the EB-5 process. This policy of deference is an important part of ensuring predictability for EB-5 investors and commercial enterprises (and the persons they employ), and also conserves scarce agency resources, which should not ordinarily be used to duplicate previous adjudicative efforts.

As a general matter, USCIS will not reexamine determinations made earlier in the EB-5 process, and the earlier determinations will be presumed to have been properly decided. Where USCIS has previously concluded that an economic methodology satisfies the requirement of being a "reasonable methodology" to project future job creation as applied to the facts of a particular project, USCIS will continue to afford deference to this determination for all related adjudications, so long as the related adjudication is directly linked to the specific project for which the economic methodology was previously approved. For example, if USCIS approves a Form I-924 or Form I-526 presenting a Matter of Ho compliant business plan and a specific economic methodology, USCIS will defer to the finding that the methodology was reasonable in subsequent adjudications of Forms I-526 presenting the same related facts and methodology. However, USCIS will still conduct a de novo review of each prospective immigrant investor's lawful source of funds and other individualized eligibility criteria.

Conversely, a previously favorable decision may not be relied upon in later proceedings where, for example, the underlying facts upon which a favorable decision was made have materially changed, there is evidence of fraud or misrepresentation in the record of proceeding, or the previously favorable decision is determined to be legally deficient. A change in fact is material if the changed circumstances would have a natural tendency to influence or are predictably capable of affecting the decision. See Kungys v. United States, 485 U.S. 759, 770-72 (1988) (defining materiality in the context of denaturalization). Where a new filing involves a different project from a previously-approved filing, or the same project but with material changes to the

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project plan, deference will not be afforded to the previous adjudication because the agency is being presented with the given set of facts for the first time.

Since prior determinations will be presumed to have been properly decided, a prior favorable determination will not be considered legally deficient for purposes of according deference unless the prior determination involved an objective mistake of fact or an objective mistake of law evidencing ineligibility for the benefit sought, but excluding those subjective evaluations related to evaluating eligibility. Unless there is reason to believe that a prior adjudication involved an objective mistake of fact or law, USCIS should not reexamine determinations made earlier in the EB-5 process. Absent a material change in facts, fraud, or willful misrepresentation, USCIS should not re-adjudicate prior USCIS determinations that are subjective, such as whether the business plan is comprehensive and credible or whether an economic methodology estimating job creation is reasonable.

Material Change D.

The process of establishing a new business and creating jobs depends on a wide array of variables over which an investor or the creator of a new business may not have any control. The very best of business plans may be thrown off, for example, because of a sudden lack of supply in required merchandise, an unexpected hurricane that devastates an area in which the new business was to be built, or a change in the market that the business is intended to serve.

The effect of changed business plans on a regional center or an individual investor's immigration status may differ depending on when the change is made relative to the alien investor's status in the United States.

Investors Who Have Not Obtained Conditional Lawful 1. **Permanent Resident Status**

It is well-established that in visa petition proceedings, a petitioner must establish eligibility at the time of filing and that a petition cannot be approved if, after filing, the petitioner becomes eligible under a new set of facts or circumstances. See, e.g., Matter of Izummi, 22 I. & N. Dec. at 176 ("If counsel had wished to test the validity of the newest plan, which is materially different from the original plan, he should have withdrawn the instant petition and advised the petitioner to file a new Form I-526."). In addition, the petitioner must continue to be eligible for classification at the time of adjudication of the petition. 8 C.F.R. § 103.2(b)(1).

Thus, consistent with Matter of Izummi, if there are material changes to a Form I-526 at any time after filing, the petition cannot be approved. Under these circumstances, if, at the time of adjudication, the petitioner is asserting eligibility under a materially different set of facts that did not exist when the petition was filed, he or she must file a new Form I-526 petition. For example, if a petitioner files a Form I-526 petition purporting to be associated with a particular project within the scope of an approved regional center but, subsequent to filing, it is determined that the proceeds of the investment will be directed to a job-creating entity in an entirely different project, the petition may not be approved.

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A deficient Form I-526 petition may not be cured by subsequent changes to the business plan or factual changes made to address any other deficiency that materially alter the factual basis on which the petition was filed. The only way to perfect material changes under these circumstances is for the immigrant investor to file a new Form I-526 petition to correspond to the changed plans.

Similarly, if, after the approval of a Form I-526 petition but before an alien investor has been admitted to the United States or adjusted his or her status pursuant to that petition, there are material changes to the business plan by which the alien intends to comply with the EB-5 requirements, the alien investor would need to file a new Form I-526 petition. Such material changes would constitute good cause to revoke the approved petition and would result in the denial of admission or an application for adjustment of status.

Investors Who Have Obtained Conditional Lawful 2. **Permanent Resident Status**

Historically, USCIS has required a direct connection between the business plan the investor provides with the Form I-526 and the subsequent removal of conditions. USCIS would not approve a Form I-829 petition if the investor had made an investment and created jobs in the United States if the jobs were not created according to the plan presented in the Form I-526. While that position is a permissible construction of the governing statute, USCIS also notes that the statute does not require that direct connection. In order to provide flexibility to meet the realities of the business world, USCIS will permit an alien who has been admitted to the United States on a conditional basis to remove those conditions when circumstances have changed. An individual investor can, at the prescribed time, proceed with his or her Form I-829 petition to remove conditions and present documentary evidence demonstrating that, notwithstanding the business plan contained in the Form I-526, the requirements for the removal of conditions have been satisfied. Pursuant to this policy, USCIS will no longer deny petitions to remove conditions solely based on failure to adhere to the plan contained in the Form I-526 or to pursue business opportunities within an industry category previously approved for the regional center.

It is important to note that a Form I-526 must be filed in good faith and with full intention to follow the plan outlined in that petition. If the alien investor does not demonstrate that he or she filed the Form I-526 in good faith, USCIS may conclude that the investment in the commercial enterprise was made as a means of evading the immigration laws. Under these circumstances, USCIS may terminate the alien investor's conditional status as required by 8 U.S.C. § 1186b(b)(1)(A).

Furthermore, nothing in this change in policy relieves an alien investor from the requirements for removal of the conditions as set out in 8 U.S.C. § 1186b(d)(1) and 8 C.F.R. § 216.6(a)(4). Thus, even in the event of a change in course, a petitioner must always be able to demonstrate (1) that the required funds were placed "at risk" throughout the period of the petitioner's residence in the United States, and (2) that the required amount of capital was made available to the business or businesses most closely responsible for creating the employment; (3) that this "at risk" investment was "sustained throughout" the period of the applicant's residence in the United States; and (4) that the investor created (or maintained, if applicable), or can be expected to

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create within a reasonable period of time, the requisite number of jobs. Accordingly, if an alien investor fails to meet any of these requirements, he or she would not be eligible for removal of conditions.

While changed circumstances after the investor has been admitted in conditional lawful permanent resident status may not require the filing of an amended Form I-526 petition in order for the investor to proceed with and obtain an approval of a Form I-829 petition, changed circumstances which are material may prevent deference from being accorded to the prior determination and a more extensive review will need to be conducted at the Form I-829 stage. For example, in the case of a petition affiliated with a regional center, the petitioner will only receive deference to a prior determination of indirect job creation if the new business plan falls within the scope of the regional center (as defined by either the initial approval or by subsequent amendment to the regional center) with which the petitioner is affiliated. So if an alien was admitted to the United States based on a petition related to a regional center that was only approved for certain projects related to the food service industry, if the proceeds of the alien's investment were subsequently redirected to an alternate project within the job-creating entity, that project would have to be within the food service industry to continue to receive deference to the prior determination of the indirect job creation of the regional center program.⁵ Similarly, if a change in plan required the liquidation of an investment and reallocation of that investment into either another job-creating entity or new commercial enterprise, the petition may not comply with the requirements to invest and sustain the investment throughout the period of the alien's residence in the United States. 8 U.S.C. § 1186b(d)(1)(A)(ii); 8 C.F.R. §§ 216.6(a)(4)(iii), (c)(1)(iii).

However, there may be advantages to closely adhering to the business plan described in the Form I-526. If the alien investor follows the business plan described in the Form I-526, USCIS will not revisit certain aspects of the business plan, including issues related to the economic analysis supporting job creation. Thus, during review of the Form I-829, USCIS will generally rely on the previous adjudication if the petitioner claims to have fulfilled the business plan that accompanied the Form I-526 petition. This is consistent with the general policy mandating USCIS deference to previous determinations set forth above in section IV.C.

To improve processing efficiencies and predictability in subsequent filings (i.e. application of deference), many regional centers may choose to amend the Form I-924 approval to reflect job creation in additional industries not previously reviewed at the time of project approval, as well as the resulting change in economic analysis and job creation estimates. Such amendments, however, are not required in order for individual investors to proceed with filing Forms I-526 or Forms I-829 based on the additional jobs created, or to be created, in additional industries.

⁵ Industry codes are useful for determining that verifiable detail has been provided and the estimated job creation in the economic methodolgy is reasonable, however it should be noted that these industry codes are used for informational purposes in estimating job creation and do not limit the economic or job creating activity of an approved regional center or its investors. Jobs created in industries not previously identified in the economic methodology may still be credited to the investors in subsequent Form I-526 and Form I-829 filings, as long as the evidence in the record establishes that it is probably true that the requisite jobs are estimated to be created, or have been created, in those additional industries.

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USCIS will develop a mechanism for the regional center or the immigrant investor to notify USCIS when substantive material changes need to be communicated. Although USCIS will no longer deny petitions solely as a result of a departure from the business plan described in the Form I-526, the certainty afforded by adherence to a previously approved business plan may be eroded as a regional center project departs from that plan. Therefore, if the immigrant investor is seeking to have his or her conditions removed based on a business plan not consistent with the approved Form I-526, the alien investor may need to provide evidence to demonstrate the element of job creation or any other requirement for removal of conditions that is called into question by the changed plan.

Similarly, while the adjudication of Form I-829 petitions will be determined by the facts of an individual case, USCIS may need to revisit issues previously adjudicated in the Form I-526, such as the economic analysis underlying the new job creation in cases where the changes could affect the previously decided issues. For example, if the investment proceeds were diverted from a jobcreating entity in one industry to another, and the applicable multipliers changed, USCIS would need to verify that the change did not affect the job creation estimates. Similarly, if the number of investors on a given project changed dramatically, or if certain assumptions or benchmarks made in the economic assessment were not satisfied, USCIS may need to revisit prior determinations to ensure that the requirements for removal of conditions have been met.

USCIS recognizes the fluidity of the business world and therefore allows for material changes to a petitioner's business plan made after the petitioner has obtained conditional lawful permanent resident status.- However, immigrant investors, and the regional centers with whom they associate, should understand that availing themselves of this flexibility does decrease the degree of predictability they will enjoy if they instead adhere to the initial plan that is presented to and approved by USCIS.

VI. Conclusion

Congress created the EB-5 Program to promote immigrants' investment of capital into new commercial enterprises in the United States so that new jobs will be created for U.S. workers. The EB-5 Program provides for flexibility in the types and amounts of capital that can be invested, the types of commercial enterprises into which that capital can be invested, and how the resulting jobs can be created. This flexibility serves the promotion of investment and job creation and recognizes the dynamics of the business world in which the EB-5 Program exists. We will continue to adjudicate EB-5 cases with vigilance to program integrity and mindful of these important principles.

VII. Use

This PM is intended solely for the training and guidance of USCIS personnel in performing their duties relative to the adjudication of applications and petitions. It is not intended to, does not, and may not be relied upon to create any right or benefit, substantive or procedural, enforceable at law or by any individual or other party in removal proceedings, in litigation with the United States, or in any other form or manner.

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دستور العمل ثبت نام در پالم و شروع روند برونده مهاجرت

۱- لطفا این صفحات را امضا کنید: ۱۲و ۱۸ و ۲۴ و ۲۵و ۲۶و ۳۰و ۳۵. ۲- کلیه سوالات این فرم ها را پر کنید. لگر سوالی در این باره دارید حتما با ما مکاتبه کنید. لحتیاجی به پر کردن فرم صفحه ۲۷ -۳۰ نمییائند. ۲- برای فرستادن بول سرمایه گذاری (پانصد هزار دلار) از اطلاعات صفحه ۱۰ استفاده کنید ۴- برای فرستادن هزینه ثبت نام در موسسه پالم از اطلاعات صفحه ۸ استفاده کنید (۴۲۵۰۰ دلار) ۵- برای فرستادن هزینه های حقوقی از اطلاعت صفحه ۳ استفاده کنید. (۱۷۵۰ هزار دلار)



پروژهٔ پالم یکی از مطمئن ترین پروژههای ای بی ۵ میباشد که در جزیره پالم در فلوریدای آمریکا واقع شده است. این پروژه در حال اجرا است ودر فاز نهایی می باشد. این یکی از دلایلی است که به سرمایه گذار اطمینان خاطر میدهد که سرمایه او در حال استفاده است و پروژه در حال اجراست و به زودی درامد خواهد داشت.

کل مساحت این پروژه ۱۱،۹۰۰متر مربع میباشد که شامل ۷۹ سوئیت لوکس میباشد. طرحی این پروژه بسیار مجلل و منحصر به فرد است. فضاهای داخلی با ظرافت و دقت خاصی طراحی شده اند تا اقامتی مجلل و راحت را برای میهمانان در جزیره پالم فراهم آورد.

این هنل آخربن هنل در جزیره میباشد و این از اهمیت خاصی برخوردار است، هنل در مرکز جزیره پالم واقع شده. و دسترسی به تمام نقاط شهر، فرودگاه و دیگر مراکز نقریحی را آسان میکند. جزیری پالم همیشه یکی از نقاطی بوده است که افراد نژوتمند و سرشناس به آن سفر میکنند. با توجه به این که این هنل آخرین هنل جزیره میباشد، توجه بیستری به خود جلب خواهد کرد.

تیم مشاورہ: پالم توسط گروہ مشاورانی ادارہ میشود، که متشکل از سیاستمداران و مدیران برجستهٔ دنیا مییاشند. گروہ مشاوران، کمک میکنند تا پالم را به عنوان نامی برجسته و شناخته شدہ معرفی کنند آنان سعی میکنند تا پالم را به عنوان یک جانبه توریستی برای ثروتمندان معرفی کنند. سرمایه گذاری: بودجه این پروژه از منابع مختلف تهیه میشود، فقط بخشی از آن توسط سرمایه گذاری ای بی ۵ تامین میشود که این مورد ریسک سرمایه گذاری را پائین می اورد. بودجه این پروژه به ۳ طریق زیر تامین مشود: ای بی ۵ سرمایه صاحبان پروژه ۲۲،۰۰۰،۰۰۰ وام بانکی

همانطور که در بالا ذکر شد سرمایه گذاران ای بی ۵، ۴۵% از کُل سرمایه گذاری را تامین میکند. بقیهٔ سرمایه توسط صاحبان پروژه و وام بانکی تامین میشود. به همین دلیل صاحبان پروژه تمامی سعی خود را میکنند تا این پروژه به بهترین وجه ممکن اجرا و به بهره برداری برسد.

ارزش پروژه: قیمت بر آورد شدهٔ هتل ۱۳۷٬۵۰۰٬۰۰۰ دلار میباشد که که ۴۷٬۰۰۰٬۰۰۰ دلار سود پروژه خواهد بود. به این ترتیب قیمت هر کدام از ۷۹ واحد، ۱٬۷۳۴٬۱۷ دلارمییاشد. این به این معنا است که هر سرمایه گذار (که در مجموع ۷۹ نفر میباشند) پشتوانه ارزشمندی و بیش از مقدار سرمایه گذاری شده دارد.

تعداد کار و قوانین ادارهٔ مهاجرت:

با توجه به حجم پروژه این پروژه ۹۵۳ کار ایجاد خواهد کرد. با توجه به موارد مورد نیاز ای بی۵ که برای هر سرمایه گذاری، پروژه باید ۱۰ کار تولید کند، تعداد کار مورد نیاز ۷۹۰ (۱۰x۷۹) میباشد. این تعداد، ۲۰% بیشتر از تعداد مورد نیازا از طرف ادارهٔ مهاجرت میباشد. این یکی دیگر از خوبیهای این پروژه میباشد که گرفتن گرین کارت دائم را را تضمین میکند.

امنیت سرمایه گذاری:

در کنار تمامی محسنات این پروژه که ذکر شد ، به هر سرمایه گذار ، فرم یو سی سی ۳ (UCC3) توسط ایالت فلوریدا داده می شود که امنیت و صحت سرمایه گذاری شرکت پالم توسط ایالت فلوریدا تائید گردیده است این فرم وقتی فایل میشود که سرمایه گذار گرین کارت دریافت میکند. در اصل ایالت فلوریدا سند هر کدام از سوییتها را به عنوان پشتوانه هر سرمایه گذاری گرو میگیرد. مزایای ویژه برای سرمایه گذاران: به جز گرفتن گرین کارت و در نهایت پاسپورت کشور آمریکا، این بروژه مزایای دیگری هم برای شما در بر خواهد داشت. با این سرمایه گزاری شما می تونید سالیانه ۱ هفته اقامت رایگان در هنل ۵ ستاره پلم داشته باشید. به شما امکان استفاده از باشگاه منحصر به فرد پالم داده میشودبه شما این امکان داده میشود تا از جت اختصاصی پروژه استفاده کنید، همچنین میتوانید از کشتی تقریحی پروژه پلم استفاده کنید (با پرداخت تنها هزینه استفاده).ماشین رویز رویز این پروژه نیز برای استفادهٔ شما مهیا میباشد. به شما عضویت در کلاب اختصاصی واقع شده در هنل داده میشود، این کلاب یکی از معروفترین کلابها در آمریکا میباشد که توسط تونی بنت و اریک اشمیت افتتاح خواهد شد. تونی یکی از معروفترین هنرمندان دنیا میباشد و اریک یکی از مدیرن اصلی گوگل می باشد. به شما تخفیف استشایی عضویت باشگاه تشریفاتی پالم نیز تعلق خواهد گرفت. این هتل در زمان بهره برداری دارای لابی من و دربان ۲۴ ساعته است و دارای پارکینگ زیرزمینی میباشد. همچنین دارای سونای اروپایی، استخر و باشگاه ورزشی ویدنسازی میباشد.

نگهداری سیگار با انواع و اقسام سیگارهای برگ دفاتر اداری با منشی برای استفادهٔ شما در طول شبانه روز به همراه اتاقهای کنفرانس.

سود پروژه: بستگی به قیمت فروش، سرمایهگذارن سوده مازاد دریافت خواهند کرد که این یکی دیگر از برتریهای این پروژه نسبت به دیگر پروژههای ای بی ۵ میباشد. هر سرمایه گذار ۵% (۲۵٬۰۰۰ دلار به فروش برسد، هر سرمایهگذار ۱۰% (\$۵۰٬۰۰۰) سود دریافت میکند.

مزایای ای بی ۵: بر خلاف دیگر راههای مهاجرت، ای بی ۵ هیچ محدودیت سنی و تحصیلی ندارد، نیازی به تجربهٔ کاری یا دانستن زبان انگلیسی ندارد. بسیار سریعتر از گرفتن اقامت از طرق دیگر است. تاییدیه آن کمتر از ۶ ماه است، سریعترین و اسانترین راه برای مهاجرت به آمریکا است. با داشتن گرین کارت شما میتوانید از تحصیل رایگان در مدارس دولتی استفاده کنید میتوانید بدون هیچ گونه شرطی کار و تحصیل کنید و بعد از ۵ سال میتوانید پاسپورت آمریکا را دریافت کنید. پروژه و مرکز منطقهای تضمین ۱۰۰% میدهد که در صورت عدم قبولی، کلیه پول به همر اه هزینه ها به شما برگشت داده شود. سرمیهگزری: ۵۰۰،۰۰۹ سرمای نقصی برای ۵ سال ۴۰،۰۰۰ هزینه های دفتری پروژه ۲۰،۰۰۰ هزینه های اداره مهاجرت)

\$09....

از پرونده های فایل شده توسط این موسسه تا کنون ۹۹% از فرمهای ۵۲۶ تأیید شده اند و %۹۷ از فرمهای ۸۲۹ تأیید شده اند. کیفیت و آرامش در سرمایه گذاری از اهداف ما است و امیدواریم که با سرمایه گذاری در پروژه پالم مهاجرت بدون دردسر و شروع زندگی جدیدی را در آمریکا آغاز بکنید.

لطفا برای اطلاعات بیشتر در مورد ای بی ۵ به صفحهٔ فارسی سوالات مطرح شده مراجعه کنید.

نلفن تماس: ۲۲۵۶-۳۲۱-۳۲۵ WWW.SARCEB5.com





Your Immigration Paperwork We Offer a 100% Guarantee



When you file your I-526 application through us you can be assured that we will process the application expeditiously. You can have confidence that our experienced staff will address any areas that may cause a deficiency or regulatory issue. Each petition is carefully examined and fully vetted before we submit the individual case. Our worldwide staff works with all the stakeholders to provide a consistent and predictable outcome.

For these reasons we are delighted to offer a FULL REFUND in the unlikely event the Immigration Service denies a submission.

Simply stated, "You get approved, or your money back!"

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12

Speak to one of our representatives to discuss the details of our exclusive guarantee.



South Atlantic Regional Center, LLC 197 South Federal Highway Boca Raton, FL 33432 USA

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A LUXURY CONDOMINIUM HOTEL AND PAIR BEACH







Case 9:16-cv-81871-XXXX Document 1-36, Entered on FLSD Docket 11/14/2016 Prove 5 of 6 Your Immigration Paperwork We Offer a 100% Guarantee

When you file yout 1-526 application through us you can be assured that we will process the application cayeditionsly. You can have comthat our capteriored staff will above sup areas that must cause a deficit or exploratory issue. Each petition is carefully exoninol and fully whether down we adout the individual case. Our workfulled staff works with all the stakeholders to provide a consistent and predictable outcome.

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- NO REQUIREMENT for Age, Business Experience, Education, or Language Skills
- EASY TO DOCUMENT: Preparation + times faster than a Canadian Application
- FAST: Visa approved in less than six months. It is the quickest program to immigrate to the USA!

The USCIS officially suggests that it will take approximately 6-9 months to approve your 1-526 petition



EB5 Petition and South Atlantic Regional Center offers a 100% Full Refund of all fees and investment if your 1-526 is not approved!

EB5 Advantages

- FREE EDUCATION: In the American Public School System
- NO RESIDENCE REQUIREMENT: Must enter the USA only once every 6 months

SARC has received Approvals in as little as 22 Days on projects





EB5 Petition is a division of USREDA. Our expert staff has completed hundreds of files and can help you through the process of the application.

USRED



WORLD RENOWN ADVISORY BOARD

Fully Disclosed Portfolio & Signatory Package

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Our Advisory Board will assist in branding the Palm House as a desired destination hotel and frequented by the wealthy around the world. The Palm House will be governed by an advisory board consisting of Political and Business leaders with worldwide experience

The Palm House Club

A significantly discounted membership of 50% in the Very Exclusive Palm House Club is available to all investors!

Hawker Jet 850 X

Some of the member facilities and amenities:

100' Yacht

Bonus Program For the Investor

1 FREE Week Yearly stay @ The Palm House



Sales Reward For the Investor



An investor will receive and additional 5% of their original investment (<u>\$25,000</u>) if the project sells for more than \$110,000,000 (JSD.

Each Investor will receive:

If the Project sells for more than \$130,000,000 USD then the investor will receive a total of 10% of their original investment (\$50,000).

Each Investor may receive an additional reward based on the sales price of the project. Case 9:16-cv-81871-XXXX Document 1-37 Entered on FLSD Docket 11/14/2016 Page 1 of



Your Immigration Paperwork We Offer a 100% Guarantee

> تشریفات اداری مهاجرت شما ما به شما ضمانت 100% می دهیم



وقتی شما فایل 26-1 خوب را از ظریق ما ارسال مینمائید میتوانید اطمینان داشته باشید که پرونده شما با سرعت بررسی میکردد. شما میتوانید مطمئن باشید که پرسنل با تجربه ما به هر بخش که مساله قانونی و یا نقص ایجاد نماید اشاره خواهند نمود. هر درخواست برای هر شخص قبل از ارسال کاملا بازبینی و بررسی میشود پرسنل جهانی ما با کلیه سهامداران همکاری مینمناید تا یک نتیجه ثابت و قابل پیش بینی را ارائه نماید. با توجه به دلایل معروض، مفتخریم در صورتیکه بعیدا"به هر شکل، پرونده شما توسط اداره مهاجرت مردود شد کلیه مبالغ پرداخت شده توسط شما را مسترد نماییم یا به عبارتی دیگر" یا شما قبول میشوید و یا کل پولتان مسترد میکردد!"



South Atlantic Regional Center, LLC 197 South Federal Highway Boca Raton, PL 33432 USA

CISA • HONG KONG • BELJING • LONDON • 5RI LANKA • MACACI • IRAN ایران • ماکاوو • سری لاتکا • لندن • یکن • منگ کنگ • ایالات متحده امریکا



Condominium Hotel and Spa of 1

پالم شاوس (خانه نخل)

هتل ایارتمان و اسپای مجلل جزیر ه یالم

SE

Im Beach





Luxurious & Exclusive

Lach of the interior finishes has been carefully selected to provide the most luxurious and comfortable stay on the Island of Palm Beach

هر کدام از ظرافت کاریهای داخلی جهت فراهم کردن مجللترین و راحت ترین مکان برای اقامت درجزیره ساحل پالم(پالم بیچ) به دقت انتخاب شده است.

(طبقه بندی اقامت از طریق سرمایه گذاری خارجی) امن \mathcal{EB} سرمایه گذاری The Palm House project is very safe beacuse the construction is already in progress with a substantial equity investment from the

Safe EB5 Investment

developer. The investor need not worry if the project will perform and meet the ngid standards required by the USCIS. پروژه پالم هاوس (خانه نظ) پسیار امن می باشد زیرا ساخت و ساز در حال حاضر در حال انجام می باشد وبازنده خود میلغ قابل توجهی از سرمایه مورد تیاز را تامین نموده است. سرمایه گذار لازم نیست نگران باشد که آیا این بروژه انجام خواهد شد و با

استانداردهای سختی که برای اداره مهاجرت مورد نیاز است همخوانی خواهد داشت.

THE PAL PAGE AND SPACE AND

 The Palm House project presently is being built!
پروژه پالم ماوس در حال حاضر در حال ساخت و ساز می باشد!

 The Palm House will be completed before the 2013 Season

پالم هاوس قبل از اتمام 2013 كامل خواهد شد.

Aerial View of the Palm House چشم انداز هوایی از پالم هاوس City Approvals موافقت شهرداری

TOWN OF PALM BEACH



Case 9:16-cv-81871-XXXX Document 1-37 Entered on FLSD Docket 11/14/2016 Page 5 of 6 Your Immigration Paperwork

Your Immigration Paperwork We Offer a 100% Guarantee تشريفات اداری مهاجرت شما ما ضمانت 100% ارايه می کنيم

HOUSE

UNITED STATES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

پالم هاوس(خانه نخل)

هتل آبارتمان و اسپای مجلل ، زیر ه پاله

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المروحة من مريح ولي من من مريح من من من من مريح من مريح من مريح من مريح من مريح من مريح ولي مريح من مريح مريح من مريح مريح من مريح مريح من مريح من



EB5 Petition and South Atlantic Regional Center offers a 100% Full Refund of all fees and investment if your 1-526 is not approved!

مرکز منطقه ای اتلانتیک جنوبی تضمین 100 % میکند که در صورت عدم قبولی فرم 526 کلیه پول به سرمای گذر برمیگردد

EB5 Advantages عزایای EB5

 NO REQUIREMENT for Age, Business Experience, Education, or Language Skills
هیچ شرطی برای سن ،تجرب تجاری، آموزشی ویا مهارت های زبانی وجود ندارد

 EASY TO DOCUMENT: Preparation + times faster than a Canadian Application ه بررسی آسان مدارک:آماده سازی مدارک 4 برابر سریعتر است از آنچه که برای کانادا

لازم است ۲۹۹۰ PREE EDUCATION: In the American Public School System ۲۰۹۰ آموزش رایگان:در سیستم مدارس دولتی امریکایی

 عدم نیاز به استقرار دایم:باید نتها هر 6 ماه یک بار وارد خاک ایالات متحده امریکا شد FAST: Visa approved in less than six months. It is the quickest program to immigrate to the USA!

 مر احل ویز اکمتر از 6 ماه انجام میشود. این سریعترین راه برای مهاجرت به ایالت متحده آمریکا مییشد

SARC has received Approvals in as little as 22 Days on projects مرکز منطقه ای آتلانتیک جنوبی کمتر از 22 روز موافقت پروژه را بدست آورده است.

> The USCIS officially suggests that it will take approximately 6-9 months to approve your 1-526 petition اداره مهاجر ت اعلام کر ده است که مر اهل توید قرم کر 26 کر 9 کر 26

EB5 Petition is a division of USREDA. Our expert staff has completed hundreds of files and can help you through the process of the application.

(طبقه بندی مهاجرت از طریق سرمایه گذاری خارجو)، شاخه ای است از اداره گسترش اقتصاد *EB5* درخواست منطقه ای ایالات متحده امریکا, برسنل مجرب ما صدها پرونده را کامل کرده اند و می توانند به شما طی روند درخواست کمک کنند

Case 9:16-cv-81871-XXXX Document 1-37 Entered on FLSD Docket 11/14/2016 Page 6 of 6 Bonus Program

ORLD RENOWN ADVISORY BOARD

رای مشورتی ر حمانم

> Our Advisory Board will assist in branding the Palm House as a desired destination hotel and frequented by the wealthy around the world. The Palm House will be governed by an advisory board consisting of Political and Business leaders with worldwide experience.

> شورای مشورتی ما برای به شهرت رساندن هتل به عنوان مقصدی مطلوب برای متمولین در سرتاسر جهان و استفاده مکرر از آن، در تلاش خواهد بود. پالم هاوس توسط یک شورای مشورتی شامل مدیران سیاسی و تجاری با سابقه جهانی، اداره خواهد شد.

Each Investor will receive:

For the Investor

- Week Yearl

برنامه تشويقي براي

سرمایه گذار

stay @ The Palm House هر سرمایه گذارسالی یک هفته آقامت رایگان در پالم هاوس دریافت خواهد کرد.

Fully Disclosed Portfolio & Signatory Package سید سهام کاملا متعارف و. بسته امضایبی



An investor will receive and additional 5% of their original investment (\$25,000) if the project sells for more than \$110,000,000 USD.

اكر قروش يرورد بيش از 110،000،000 دلار امریکایی باشد، سرمایه گذار مبلغی برابر 5% میزان اصلی سرمایه گذاری دريافت خواهد كرد.(000 25،000 دلار امريكايي)

Sales Reward For the Investor جایزه فروش برای سرمایه گذار

If the Project sells for more than \$130.000.000 USD then the investor will receive a total of 10% of their original investment (\$50,000).

چناتچه پروژه بیش از 130،000،000 دلار امريكايي فروش داشته باشد، سرمايه گذار مبلغي برابر 10% مقدار اصلى سرمايه گذاري دریافت خواهد کرد.(٥٥٥،٥٥٥ دلار امریکایی)

Each Investor may receive an additional reward based on the sales price of the project.

هر سرمایه گذار ممکن است جایزه ای اضافه بر اساس مبلغ فروش پروژه دریافت نماید.

Palm House Oub باشگاه يالم هاوس A significantly discounted membership of 50% in the Very Exclusive Palm House Club is available to all investors! جهت عضویت دریاشگاه

م ماوس برای تمامی سرمایه گذاران

· Hawker Jet 850

• 850 XP جت شخصی

 100' Yacht 100' قايق تقريحي •

member id amenities acuties ar برخی از تسهیلات و امکانات رفاهي اعضا

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THE PAILM HOUSE A Luxury Condominium Hotel and Spa on Palm Beach

FULL SIGNATORY PACKAGE



Petitioner Name:

Petitioner ID Number:



WIRE INSTRUCTIONS Administrative Fees



(2) PNC

INCOMING INTERNATIONAL WIRING

Receiving Bank: PNC Bank SWIFT CODE: PNCCUS33

BENEFICIARY: South Atlantic Regional Center, LLC. 197 S. Federal Highway Suite 200 Boca Raton, Florida USA, 33432

Beneficiary Account Numbers:

ACCOUNT NAME:

Palm House Hotel, LLLP

ACCOUNT NUMBER:

8469 (Checking Account)

PNC Bank ABA Number: 043000096

For tracking purposes, please fax or email a copy of the bank wire receipt to our office.

Note: Should you wish to include additional information with the payment (e.g. the remitter's name), you may include it in the *Originator to Beneficiary Field* (also referred to as Field Tag 6000), which contains 140 characters for additional remittance information.

FOR ASSISTANCE FROM PNC BANK PLEASE CALL: (877) 287-2654



Palm House Hotel, LLLP

428 Main Street South Pilgrims Mall Woodbury, CT06798



WIRE INSTRUCTIONS

Escrow Account

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ESCROW BANK WIRE TRANSFER INSTRUCTIONS

WIRING INSTRUCTIONS FOR DEPOSITING FUNDS INTO ESCROW ACCOUNT

[INBOUND WIRING INSTRUCTIONS]

\$500,000.00 USD | ESCROW FUNDS

Escrow Bank: PNC Bank

LLLP: Palm House Hotel, LLP

Subscriber Representative: South Atlantic Regional Center, LLC Funds should be wired directly pursuant to the following instructions:

To: **PNC Bank** 9875 Jog Road Boynton Beach, FL 33437 USA

ABA # 043000096

SWIFT Code: PNCCUS33

Credit To:

Palm House Hotel, LLLP Escrow Account Account # 7626

Subscriber info:

(Name of Subscriber for Account)

CONFIDENTIALITY NOTE: The information contained in this document is legally privileged and confidential information intended only for the addressee(s) named above. If the reader of this document is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of the document is strictly prohibited. If you have received this document in error, please immediately notify us by telephone and return the document to us at the address below via US Mail. We will reimburse any reasonable cost you incur in notifying us and returning the document to us. Thank you.

PALM HOUSE HOTEL, LLLP © 2012 • SOUTH ATLANTIC REGIONAL CENTER

Palm House Hotel, LLLP

Strictly Confidential



Palm House Hotel, LLLP

Private Placement Memorandum



NOTE TO PROSPECTIVE SUBSCRIBERS

By accepting this document you agree to maintain in confidence the information set forth in this document, together with any other non-public information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that you do not elect to participate in the offering.

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Palm House Hotel, LLLP

Strictly Confidential

Private Placement Memorandum

This document serves as a record of my receipt of the Private Placement Memorandum dated 12/02/2012, for Palm House Hotel, LLLP, a Florida Limited Liability Limited Partnership (the "Partnership"). I received a copy of the Private Placement Memorandum, containing an investment summary, business summary, accredited investor questionnaire and subscription agreement.

I understand that this offering has not been registered with the Florida division of securities, the U.S. Securities and Exchange Commission ("SEC") or any other foreign securities agency and is not required to be so registered.

I agree to maintain in confidence the information set forth in this document, together with any other nonpublic information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that I do not elect to participate in the offering.

Investor Name

Investor Signature

Date

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LIMITED PARTNERSHIP AGREEMENT



LIMITED PARTNERSHIP AGREEMENT OF PALM HOUSE HOTEL, LLLP

a Florida Limited Liability Limited Partnership County of Palm Beach

Dated 11/30/2012

Palm House Hotel, LLLP 197 S. Federal Highway, Suite 200 Boca Raton, FL 33432 Telephone: (561) 282-6102

LIMITED PARTNERSHIP AGREEMENT Palm House Hotel, LLLP

1

11/30/2012

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IN WITNESS WHEREOF, each party has executed this Limited Partnership Agreement on the day and year written below.

GENERAL PARTNER

Joseph J. Walsh For South Atlantic Regional Center, LLC

LIMITED PARTNER

Date:

Date: _____

(Signature)

(Written Name)

11/30/2012

LIMITED PARTNERSHIP AGREEMENT Palm House Hotel, LLLP


SUBSCRIPTION AGREEMENT

SUBSCRIBER:

Palm House Hotel, LLLP a Florida Partnership 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432

RE: Offering by Palm House Hotel, LLLP of Partnership interests

The undersigned Subscriber hereby subscribes to and agrees to purchase an equity interest in Palm House Hotel, LLLP, a Florida limited liability Partnership ("Partnership") consisting of a \$500,000 equity investment in Partnership ("Investment") as set forth below on the signature page hereof. The investment in Partnership, and indirectly in the Hotel Project ("Project") is described in the Private Placement Memorandum ("Memorandum"). The Partnership will be managed by South Atlantic Regional Center, LLC ("General Partner"). All capitalized terms not otherwise defined herein shall have the meaning specified in the Memorandum.

In addition to the \$500,000 investment, each Subscriber will pay concurrently to General Partner an organizational and administration fee of \$40,000, as described in the Memorandum and LP Agreement. Upon General Partner's acceptance of the Subscription, the entire \$540,000 shall be wired into an Escrow.

Subscriber, by executing this Subscription Agreement, does hereby certify and agree as follows:

1. I have had a personal interview (the "Interview") with the representative of General Partner. During the course of the Interview, we discussed the information concerning the Partnership, General Partner, and their business in great detail and I had the opportunity to obtain any additional information I believed I needed in order to evaluate the risks and merits of the investment. I have also been provided with the Memorandum that provides certain

11/24/2012

SUBSCRIPTION AGREEMENT Palm House Hotel, LLLP

dealing ... in property or interests in property blocked ... is prohibited, any transaction ... that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order is prohibited, and any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited. The phrase following persons (hereinafter referred to as Terrorists) is generally defined in the Order as meaning terrorists, including a specified list or persons and organizations. I hereby represent and warrant that I am not a Terrorist as described above.

I am a resident of: 23. (list U.S. state or province/country).

I AM AN ACCREDITED INVESTOR! I am aware that the Investment is being 24. offered to accredited investors only. I acknowledge and warrant that I am an accredited investor because (check appropriate category):

a.	

My individual net worth (without any exclusions), or joint net worth together with my spouse (if any), is in excess of \$1,000,000 (exclusive of my or my spouse's primary residence).

b.

My individual income was in excess of \$200,000 in each of the past two years (excluding my spouse's income), or my joint income with my spouse was in excess of \$300,000 in each of the past two years, and I expect to have an income in excess of that amount in the current year.

I hereby provide you with the following information and representations: 25.

1. Employer and Position: 2. Business Address and Telephone Number: Business or professional education and degrees: _____ 4. Prior Employment (5 Years): DATES OF EMPLOYMENT NATURE OF DUTIES **EMPLOYER** 5. Prior Investments of Purchaser (cumulative amount): Over \$100,000: Up to \$100,000: Real Estate: None: Up to \$100,000: Over \$100,000: Oil and Gas: None: Over \$100,000: Up to \$100.000; None: Other: SUBSCRIPTION AGREEMENT

11/24/2012

Palm House Hotel, LLLP

THE INFORMATION CONTAINED IN THIS SUBSCRIPTION AGREEMENT WILL BE TREATED CONFIDENTIALLY. However, I agree that you may present this Subscription Agreement to such parties as you deem appropriate if the Partnership is called upon to establish that the proposed offer and sale of the Investment is exempt from registration under the Act, or meets the requirements of applicable state securities laws.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

Signature:	
Date:, 20	
Amount of Investment: \$500,000	
Ownership interest to be vested in the name	(s) as follows:
Name Typed or Printed:	
Social Security Number:	
	Email:
Street Mailing Address:	
City:	_ State or Province:
Country:	
The initial \$40,000 check will be deposited in	to escrow and should be made payable to:
"PNC Bank, as Escrow Agent for Palm House	e Hotel, LLLP."
investment: Wire Instructions for payments to Beneficiary Beneficiary Name:	

11/24/2012

SUBSCRIPTION AGREEMENT Palm House Hotel, LLLP



UNITED STATES RECEIVED A CONCERN DESCRIPTION AND AND AND

Date: Total Pages 4:

I-526 Immigration Petition LEGAL SERVICE AGREEMENT

Between: Mr./Mrs. and USREDA, Inc. ("United States Regional Economic Development Authority, Inc.") ("USREDA").

RE: Preparation & filing of I-526 Immigrant Petition by Alien Entrepreneur to USCIS Retainer Agreement:

USREDA will provide you services through our legal services department. Our team of Attorneys and Para-legal assistants will help you and your family with the following:

- (1) The preparation and filing with the U.S. Citizenship & Immigration Service ("USCIS") the I-526 petition to classify you as an alien entrepreneur.
- (2) The preparation and filing of immigrant visa processing (Packet 3 & 4) with the National Visa Center and U.S. Consulate. (Please note that no attorney will accompany you or your dependents at the interview for your immigrant visa application - for conditional status at the U.S. Consulate. This is not allowed by law.).

(3) Attorney Fees

Your attorney's fee of \$15,000 is included in the initial \$55,000 USD Fee. This total is payable and due upon execution of this agreement.

An additional filing fee will be assessed when all of the submission forms are completed (presently the USCIS charges \$1,435 for this submission fee). This check will be written directly to the USCIS.

A Fee of \$750.00 will be required for each additional household member applying.

NO EXTRA FEE will be required for each response to any RFE (Request for Evidence) that the USCIS (United States Citizen and Immigration Service) may request.

Your I-829 Permanent Visa Application is NOT INCLUDED in this agreement. You will be charged an additional \$5,000 USD to complete this submission when applicable.

SARC Legal Services Agreement © 2012



In addition, an alien who overstays the period of authorized stay can subject herself/himself to Section 222(g) of INA, which became effective on the date of enactment, September 30, 1996 and applies to any alien seeking admission on or after that date. Upon overstay of status, the alien's non-immigrant visa will be void.

You and your dependents must maintain legal status in the U.S. at all times. You understand that it is your responsibility to maintain legal status in the U.S. at all times.

(13) Change of Address

Please be advised that Section 265(a) of the INA requires that every alien who is within the U.S. must notify USCIS of each change of address, and provide their new address within 10 days of such change. Please check www.uscis.gov to download Form AR-11 and instructions.

(14) Return of Documents

Upon the completion of this case, it is your responsibility to request for the return of the documents from our office and notify our office in writing of any situation that might affect USREDA and the specific attorney assigned to your case keep a the alien's legal status. "Digital Reference Copy" of documents relating to your case. We will make these available to you at anytime via written notice of your desire to receive them.

It is your responsibility to be aware of any expiration date for the legal status of the alien and each dependent, and send us a request in writing for any further representation in any other immigration matter. In the event that we do not hear from you 40 months from the date of this letter, you have authorized us to dispose the file without further notice to you.

Summation and Agreement:

If this Legal Service Agreement reflects our understanding, kindly sign and return the SIGNED ORIGINAL to us at your earliest convenience.

I HAVE FULLY READ AND UNDERSTAND THIS AGREEMENT AND ACCEPT IT IN ITS ENTIRETY.

Date:

Signature:

Print Name:

SARC Legal Services Agreement © 2012

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A Luxury Condomnian Hotel and Spa on Palue Beach

ACCREDITED INVESTOR **IMMIGRATION QUESTIONNAIRE** INVESTOR ELIGIBILITY QUESTIONNAIRE

This questionnaire is NOT an offer to sell or a sale of securities. Each prospective investor must complete this questionnaire and return it by e-mail, standard mail, or fax to Palm House Hotel, LLLP ("Company"). The Company will us the responses to this questionnaire to qualify prospective investors for purposes of federal and state securities law.

The prospective investor will be given access to information upon determination of suitable investor eligibility based upon the facts disclosed in this questionnaire and any other facts about the prospective investor known by the Company.

All questions must be answered. If the answer to any question below is "none" or "not applicable", then please indicate such a response in the applicable field.

The Signer of this document ("Signer") agrees that the Company may present this questionnaire to such parties as the Company deems appropriate to establish the availability of exemptions from registration under federal and state securities laws or to otherwise comply with governmental or regulatory authorities. The Signer represents that the information furnished in this questionnaire is true and correct of their own knowledge, and acknowledges that the Company and its counsel are relying on the truth and accuracy of such information to comply with federal and state securities laws. The Signer agrees to notify the Company promptly of any changes in the foregoing information that may occur prior to the investment.

(Signature)

(Print or Type Name)

(Date)



PALM HOUSE, LLLP 197 SOUTH FEDERAL HIGHWAY SUITE 200 BOCA RATON, FL 33432

Palm House, LLP - Investor Questionnaire

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(Exact, full legal name of the individual buying the securities)

E-mail Address

Current Residence Address

Place of Birth (city, state, country)	
Country of Citizenship	
2. BUSINESS INFORMATION	

Date of Birth

Occupation	
Number of Years	
Present Employer	
Position/Title	
Business Address	
Business Telephone	
Business Facsimile	

3. INVESTOR ELIGIBILITY

Name

Home Telephone

Please answer ALL the questions on the following page.



Palm House, LLP - Investor Questionnaire

CHECK THE APPROPRIATE BOX

(ALL QUESTIONS MUST BE ANSWERED)

1. I certify that I am not a "U.S. Person" as defined in Rule 902 of Regulation S under the Securities Act of 1933, as amended (the "Act"), and agree to resell the securities of the Company received in connection herewith only in accordance with the provisions of Regulation S, pursuant to registration under the Act or pursuant to an available exemption from registration, and agree not to engage in hedging transactions with regard to the securities unless in compliance with the Act.

2A. I am an "accredited investor" as defined in Rule 501(a) of Regulation D under the Act because I have a net worth (or joint net worth with my spouse) in excess of USD \$1,000,000. For purposes of this question, "net worth" means the excess of total assets over total liabilities.

2B. I am an "accredited investor" as defined in Rule 501(a) of Regulation D under the Act because I have had individual income in excess of USD \$200,000 (excluding my spouse) in each of the two most recent years (or joint income with my spouse in excess of USD \$300,000 in each of those years), and have a reasonable expectation of reaching the same income level in the current year.

3A. I have the capacity to evaluate the merits and risks of the prospective investment and to otherwise protect my own interests in connection with the prospective investment by reason of my own business and/or financial experience. If I answered "YES" to this question, I support my reply with the following education and/or business and/or financial experience:(Please provide as much detail as possible)

(Add additional pages as necessary)

Palm House, LLP - Investor Questionnaire

X YES

□ NO







(If YES, please complete lines to the right.)



YES NO

(If YES, please complete lines to the right.)

3B. I have hired a professional advisor, and by reason of the business and/or financial experience of such professional advisor, I have the capacity to evaluate the merits and risks of the prospective investment and to otherwise protect my own interests in connection with the prospective investment. I understand that the professional advisor will be required to fill out and certify a questionnaire. My professional advisor is:

Name:	
Occupation:	
Firm:	
Contact Info:	

4. I am purchasing the securities offered for my own account and for investment purposes only. If answered "NO" to this question, the following is the person for whose account I am purchasing the offered securities and/or the reason for investing: (Please provide as much detail as possible)

5. I have a pre-existing personal or business relationship with the Company or any of its officers, directors, or controlling persons. If I answered "YES" to this question, I explain my reply with the following description of my affiliation with that person or those persons: (Please provide as much detail as possible)





Palm House, LLP - Investor Questionnaire

YES NO

> YES NO

(If no, please complete lines to the right)

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IMPORTANT NOTICE CONCERNING U.S. IMMIGRATION

Your U.S. immigration application could be denied for reasons such as health conditions, criminal offenses and national security. This is not a comprehensive listing of the possible grounds of ineligibility. You should consult your attorney to determine your eligibility.

Please answer the following questions for purposes of our initial assessment of eligibility:

Part A
A.1. Have you been arrested, charged, convicted, fined or imprisoned for violating any law (excluding traffic violations)?
Yes No
A.2. Have you been a member of, or in any way affiliated with, the Communist Party?
Yes No No
A.3. Have you been a member of, or in any way affiliated with, a terrorist organization?
Yes No
A.4. Have you, by willful misrepresentation of a material fact, ever applied for or obtained a visa, an immigration benefit, or entry in to the United States?
Yes No No
A.5. Have you been deported or removed from the United States?
Yes No No
A.6. Have you been in the past, or are you presently, in the United States without lawful immigration status or worked without employment authorization?
Yes No No

A.7. Health grounds: Do you have a communicable disease of public health significance; or a physical or mental disorder that is a threat to the safety of others; or are you a drug abuser?

Yes _	_No	

No



A.8. Have you received public assistance in the United States, or are you likely to receive public assistance in the future?



Palm House, LLP - Investor Questionnaire

If you answered "yes" to any of the questions above, you may be ineligible to immigrate to the United States. You should consult with an attorney expert in U.S. immigration law.

A.9 Will your spouse or any of your children be included in your EB-5 visa application?

Yes	_No_	

If yes, how many total family members will be applying (including yourself)?_____

Name of spouse:	
(LAST) (FIRST) (MIDDLE)	
Place of Birth:	
Date of Birth:/ Country of Citizenship:	
(MONTH/DAY/YEAR)	
Child #1:(LAST) (FIRST) (MIDDLE)	
Place of Birth:	
(CITY) (STATE) (COUNTRY)	
Date of Birth:/ Country of Citizenship:	
(MONTH/DAY/YEAR)	
Child #2:(LAST) (FIRST) (MIDDLE)	
Place of Birth:	
(CITY) (STATE) (COUNTRY)	
Date of Birth:/ Country of Citizenship:	
(MONTH/DAY/YEAR)	
Child #3:	
(LAST) (FIRST) (MIDDLE)	
Place of Birth:	
(CITY) (STATE) (COUNTRY)	
Date of Birth:/Country of Citizenship:	

(MONTH/DAY/YEAR)



Upon submission of your immigration application we may will require some additional follow-up contact information and green card information in order to comply with USCIS requirements. This information will also be used to maintain contact with the limited partners regarding their investment.

Palm House, LLP - Investor Questionnaire

Part B

B.1. Are you able to provide documentation that traces your investment from your account to the account of the U.S. investment enterprise?



B.2. Are you able to provide documentation that explains how you accumulated the funds used to make the investment?

Yes	N	0	
		<u>-</u>	-

B.3. Are your investment funds from a lawful source?

Yes	No	_	_

B.4. Do you have the capacity to participate in the U.S. investment enterprise as a limited partner?

Yes_	LNo_	

If you answered "no" to any of the questions in Part B above, you will not be eligible for U.S. immigration based on investment.



NOTE: Please include a photocopy of your Passport along with this questionnaire.

INDIVIDUAL(S) SIGN HERE:

Subscriber:

(Signature)

Date:



Palm House, LLP - Investor Questionnaire



IMMIGRATION APPLICATION CHECKLIST





EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

For Internal Use O	mly: 仅限内部使用
Name of Primary Applicant (PA):申请人姓名:	
Date of Review 审核日期:	Client ID No. 客户 ID 号码:
Name of Reviewer 审核人姓名:	

IMPORTANT: All non-English documents must have a complete copy of notarized English translation 所有非英语文件必须有公证的完整英文翻译

ESSENTIAL DOCUMENTS: 基本必需文件:



Client ID No.客户 ID 号码: Rev. Date 02/27/12 I-526 Document Checklist (I-526 文件清单)

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EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

IDENTIFICATION DOCUMENTS: 身份证明资料:



Copy of passports of PA and family member(s) (all pages) 申请人及其家庭成员的护照复印件(所有页) Notarized birth certificates of PA and family member(s) 已公证的申请人及其家庭成员的出生证明 If applying with spouse, Notarized Marriage Certificate 如需申请配偶,已公证的结婚证明 Resident ID cards of PA and family member(s) 申请人及其家庭成员的身份证复印件 Copy of PA and family's Household Register 申请人及其家庭成员的户口薄复印件 Notarized criminal background check of PA and any family member(s) over the age of 16 years old.

已公证的申请人及其 16 岁以上家庭成员无犯罪纪律的证明

Client ID No.客户 ID 号码: Rev. Date 02/27/12 I-526 Document Checklist (I-526 文件清单)



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

SOURCE OF FUNDS: 资金来源的证明资料:



Provide narrative on source of funds and path of \$500,000 USD investment, as detailed below 关于用来投资的\$500,000 美金的来源及路径概要 Resume of applicant 申请人的简历

If Through Employment Income: 如果资金的来源是工资收入:

Received 己收到	Missing) 待补	Problem 有疑问	
			Proof of income used to make investment (resume is not enough) 用来投资的工资收入证明(仅仅有简历是不够的)
			- Pay stubs -工资表 - Income tax returns -个税缴税证明 - Work income certificate from employer -公司出具的收入证明 - Board minutes or company statement re: salary / bonuses paid to PA
			工资/奖金发给申请人的董事会会议记录或者公司证明 - Company Info: business license, registration, permits, taxes paid, audits, PA ownership percentage -公司资料:营业执照、税务登记证、经营许可证、缴税证、
			审计报告、申请人所占的股份证明 Bank statements showing PATH of funds earned above 所有上述相关收入的银行交易记录

Rev. Date 02/27/12 I-526 Document Checklist (I-526 文件清单) Client ID No.客户 ID 号码:



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EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

If Through Real Estate Sale, Mortgage, or Lease: 如果资金的来源是房地产的出售,抵押或者租赁:

Received	Missing	Problem	
已收到	待补	有疑问	
		\square	Proof of income used to purchase the Real Estate
			购买房产的资金证明
		\cap	Proof of Real Estate purchase (amount and date of purchase)
		\square	房产的购买证明 (购买的时间和金额)
		\square	Deeds, mortgage, appraisals, tax payments, etc. showing
		\square	
			purchase/ownership
			房产证、贷款证、房产评估报告、缴税证明等等,证明房屋的
			购买/产权的文件
			If sale, proof of Real Estate sale (amount of date of sale)
			如果资金的来源是房产出售,需要房产出售的证明 (出售的金额
			以及时间)
			If mortgage/loan based on Real Estate owned, provide mortgage
			documents
			如果资金的来源是房产抵押,需要相关的贷款文件
			If rental property, lease agreement showing amount of rent received
			如果资金的来源是房产租赁,需要租约证明租金的金额
			Bank statements showing PATH of funds used to purchase house &
L]		LI .	receipt from sale/mortgage
			1 00
			所有上述资金的银行交易记录(如银行对账单,显示购买/出售/
			贷款的金额)

Client ID No.客户 ID 号码: ☑ Rev. Date 02/27/12 Ⅰ-526 Document Checklist (Ⅰ-526 文件清单) 4 Case 9:16-cv-81871-XXXX Document 1-38 Entered on FLSD Docket 11/14/2016 Page 27 of 48



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

If Through Other Investment Income: 如果资金的来源是投资回报:



Proof of income used to purchase investment assets 用来购买投资产品的资金证明 Proof of asset(s) purchased (amount and date of purchase) 购买投资产品的证明 (购买的金额以及时间) Deeds, stock certificates, statements, etc. showing purchase/ownership 认购书,股票证明书等等,证明投资产品的购买和所有权 If sale, proof of asset(s) sale (amount and date of sale) 如果资金的来源是投资产品的出售,需要出售的相关文件 (出售 的金额和时间) If loan based on asset(s) owned, provide loan documents 如果资金的来源是投资产品的抵押,需要抵押贷款的相关文件 Bank statements showing PATH of funds used to purchase asset(s) & receipt from sale/loan 所有上述资金的银行交易记录(如银行对账单,显示购买/出售/抵 押贷款的金额)

Client ID No.客户 ID 号码: Rev. Date 02/27/12 I-526 Document Checklist (I-526 文件清单)



EB-5 Foreign Investment Immigration Application Checklist EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

If Through Loan: 如果资金的来源是贷款:



Bank statements showing PATH of funds received 所有上述资金的银行交易记录

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Client ID No.客户 ID 号码: Rev. Date 02/27/12 I-526 Document Checklist (I-526 文件清单) Case 9:16-cv-81871-XXXX Document 1-38 Entered on FLSD Docket 11/14/2016 Page 29 of 48



EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

If Through Gift: 如果资金的来源是赠与:



If Through Inheritance, Lawsuit, Other Sources: 如果资金的来源是遗产,诉讼,或者其他途径:



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EB-5 FOREIGN INVESTMENT IMMIGRATION APPLICATION CHECKLIST EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

PATH OF FUNDS: 资金路径的证明文件:



Wire Transfer / bank statements showing remittance of \$500,000 USD to escrow account 电汇单/银行对账单证明\$500,000 美金汇入托管账户

Path of Funds for all sources above: 上述所有资金的资金路径:

Received Missing Problem



Path of funds from money earned to bank account used to make \$500,000 USD investment 申请人获得的用来投资的\$500,000 美元的银行交易记录

Path of Funds for Currency Exchange / Capital Exchange: 货币/外币资金转换声明:

Received	Missing	Problem	
己收到	待补	有疑问	
		\cap	Declaration of third party members with list of names, personal ID
		\square	numbers, and signatures
			声明中需列出所有第三方人员的姓名,身份证号码,以及所有人员
			的签名
 1	r1	\sim	Bank statements documenting transfer of funds from PA's account to
		\square	
		-	third party accounts
			申请人将资金转给第三方人员的银行文件
		\cap	Personal remittance vouchers from each friend or relative back to PA's
		$ \$	account
			每位朋友或亲戚将换得的外币转回给申请人的银行存折交易明细
 1	<u> </u>	\square	Copy of deposit slips totaling \$500,000 USD into PA's individual
		\square	
			account
			申请人的个人账户显示收到\$500,000美金存款单的复印件

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EB-5 Foreign Investment Immigration Application Checklist EB-5 外国企业家投资移民(I-526 投资移民申请)申请材料准备清单

OTHER DOCUMENTS:

其他:



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 Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding Section references are to the Internal Revenue Sories Section references are to the Internal Revenue Code. Section references are to the Internal Revenue Service Give this form to the withholding agent or payer. Do not send to the IRS. 	0MB No. 1545-1621
Denset use this form for	Instead, use Form: W-9
 A U.S. citizen or other U.S. person, including a resident alien individual A person claiming that income is effectively connected with the conduct of a trade or business in the United States A foreign partnership, a foreign simple trust, or a foreign grantor trust (see instructions for exceptions) 	W-8ECI
 A foreign partnership, a foreign simple fusit, or a foreign central bank of issue, foreign tax-exempt organization foreign private foundation, or government of a U.S. possession that received effectively connected income or t claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (see instructions) Note: These entities should use Form W-8BEN if they are claiming treaty benefits or are providing the form only t claim they are a foreign person exempt from backup withholding. A person acting as an intermediary Note: See instructions for additional exceptions. 	W-8ECI or W-8EXP
the title attem of Ponoticial Owner (See instructions)	
Part I Identification of Beneficial Owner (See Instructions.) 2 Countr 1 Name of individual or organization that is the beneficial owner 2 Countr	y of incorporation or organization
3 Type of beneficial owner: I individual Complex trust Estate Government	Partnership Simple trust nternational organization
Central bank of issue Iax-exempt organization Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of	of address.
City or town, state or province. Include postal code where appropriate.	Country (do not abbreviate)
5 Mailing address (if different from above)	
City or town, state or province. Include postal code where appropriate.	Country (do not abbreviate)
6 U.S. taxpayer identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, if required (see instructions) 7 Foreign tax identification number, i	entifying number, if any (optional)
8 Reference number(s) (see instructions)	
Part II Claim of Tax Treaty Benefits (if applicable)	
	hotwoon the United States and that country.
 9 I certify that (check all that apply): a The beneficial owner is a resident of	deraces me owned clarge and mer seamly.
c The beneficial owner is not an individual, derives the item (or items) of income for which the treaty be applicable, meets the requirements of the treaty provision dealing with limitation on benefits (see inst	
d The beneficial owner is not an individual, is claiming treaty benefits for dividends received from a fore U.C. trade or business of a foreign cornoration, and meets qualified resident status (see instructions).	aign corporation or interest from a
e The beneficial owner is related to the person obligated to pay the income within the meaning of sections are seen as a section of the amount subject to withholding received during a calendar year exceeds, in the aggregation of the section of t	ion 267(b) or 707(b), and will me regate, \$500,000.
10 Special rates and conditions (if applicable—see instructions): The beneficial owner is claiming the provi	sions of Articleof the ne):
Explain the reasons the beneficial owner meets the terms of the treaty article:	
Part III Notional Principal Contracts	sh the income is not offectively
11 I have provided or will provide a statement that identifies those notional principal contracts from which connected with the conduct of a trade or business in the United States. I agree to update this statement that identifies those notional principal contracts from which is statement that identifies those notional principal contracts from which is the provided of the provi	ment as required.
PARTIN Certification Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and b further certify under penalties of perjury that:	pelief it is true, correct, and complete.
further certify under penalties of perjury frat: 1 I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates, 2 The beneficial owner is not a U.S. person, 3 The income to which this form relates is (a) not effectively connected with the conduct of a trade or business in the United S and subject to tax under an income tax treaty, or (c) the partner's share of a partnership's effectively connected income, and 4 For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions. Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.	
Sign Here Signature of beneficial owner (or individual authorized to sign for beneficial owner) Date (MM-DD	-YYYY) Capacity in which acting
For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 25047Z	Form W-8BEN (Rev. 2-200

as Attorney or A	 B Entered on FLSD Docket 11/14/2016 Page 33 of 0HS ntry of Appearance Form G-28 ccredited Representative of Homeland Security
As Attorney of Attorney of Accredited Representative Part 1. Information About Attorney or Accredited Representative Name and Address of Attorney or Accredited Representative 1.a. Family Name (Last Name) 1.b. Given Name (First Name) 1.c. Middle Name [of Homeland Security Expires 02/29/2016 Part 2. Eligibility Information For Attorney or Accredited Representative (Check applicable items(s) below) 1. □ I am an attorney eligible to practice law in, and a member in good standing of, the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia. 1.a. 1.b. I (choose one) □ am not □ am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law. (If you are subject to any order(s), explain fully in the space below.) 1.b.1. 2. □ I am an accredited representative of the following qualified nonprofit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 292.2. Provide the name of the organization and the expiration date of accreditation. 2.a. Name of Recognized Organization 2.b. Date Accreditation expires (mm/dd/yyyy) ▶ 3. □ I am associated with
 6. Daytime Phone Number ()	 3.a. the attorney or accredited representative of record who previously filed Form G-28 in this case, and my appearance as an attorney or accredited representativis is at his or her request. If you check this item, also complete number 1 (1.a 1.b.1.) or number 2 (2.a 2.b.) in Part 2 (whichever is appropriate). 4. I am a law student or law graduate working under the direct supervision of the attorney or accredited representative of record on this form in accordance with the requirements in 8 CFR 292.1(a)(2)(iv).

Part 3. Notice of Appearance as Attorney or Accredited Representative	7. Provide A-Number and/or Receipt Number
This appearance relates to immigration matters before (select one):	Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited
1. USCIS - List the form number(s) 1.a.	Representative of any record pertaining to me that appears in any system of records of USCIS, ICE, or CBP.
2. ICE - List the specific matter in which appearance is entered	8.a. Signature of Applicant, Petitioner, or Respondent
2.a.	8.b. Date (<i>mm/dd/yyyy</i>) ►
3. CBP - List the specific matter in which appearance is entered	Part 4. Signature of Attorney or Accredited Representative
3.a.	I have read and understand the regulations and conditions
 I hereby enter my appearance as attorney or accredited representative at the request of: 4. Select only one: Applicant Petitioner Respondent (ICE, CBP) 	 contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct. 1. Signature of Attorney or Accredited Representative
Name of Applicant, Petitioner, or Respondent	
5.a. Family Name	2. Signature of Law Student or Law Graduate
(Last Name) 5.b. Given Name (First Name)	3. Date (<i>mm/dd/yyyy</i>) ▶
5.c. Middle Name	Part 5. Additional Information
5.d. Name of Company or Organization, if applicable	1.
NOTE: Provide the mailing address of Petitioner, Applicant, or Respondent and not the address of the attorney or accredited representative, except when a safe mailing address is permitted on an application or petition filed with Form G-28.	
6.a. Street Number and Name	
6.b. Apt. Ste. Flr.	
6.c. City or Town	
6.d. State 6.e. Zip Code	

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Department of Homeland Sec J.S. Citizenship and Immigrati	urity on Services	OMB No. 1615-0026; Exp. 05/31/201 Form I-526, Immigrant Petition by Alien Entrepreneu
7.5. CHIER ISING AND MULTING		
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Classification	Action Block	FeeReccipt
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Sumber and Mame.		
ddress:		Apt, Number
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Date of Birth mm/dd/yyyy)	Country of Birth	Social Security # A # (if any)
If you are in the United St the following information	: (mm/dd/yyyy)	1-94 #
Current Nonimmigrant Status	Date Current Status Tixpires (mm/dd/yy)	
art 2. Application	Type (Check one)	
 amount of capita b. This petition is b has been adjusted 	I invested has been adjusted downward, ased on an investment in a commercial o d upward.	interprise in a targeted employment area for which the required interprise in an area for which the required amount of capital invest interprise that is not in either a targeted area or in an upward
Part 3. Information	About Your Investment	(1999) - Andrew Martin, and Antonio Antonio and Antonio Antonio and Antonio Antonio Antonio Antonio Antonio Ant Antonio Antonio Antonio Antonio Antonio
Name of commercial enterp Required Field - Do Not Lear	orise in which funds are invested	
Street Address		
Phone # with Area Code	Business on (compration	ganized as i, partnership, etc.)
Kind of business (e.g. furniture manufacture	[Dat	le established n/dd/yyyy)
RECEIVED	RESUBMITTED:	RELOCATED SENT RECD

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Part 3. Information About	Your Inve	stme	ent (Co)	ttinued)									
Date of your initial investment (mm/dd/yyyy) Your total capital investment n the enterprise to date \$					ini Per	iount of ial inves centage erprise y	tment of the						
If you are not the sole investor in the natural) who hold a percentage share classification as an alien entrepreneu under section 203(b)(5). NOTE: A corporation, consortium, investment	of ownershi ir. Include th "natural" par	p of t 2 nam ty wo	he new e ie, percer suld be ar	nierprise	and inc	icate wi	cinci ai	y or u sr not	the per	son is s	ecking	classifi	catio
If you indicated in Part 2 that the en or in an upward adjustment area, nar	lerprise is in ne the count	a targ ; and	geted emp State:	oloymen	1 การก	County	+			State			
Part 4. Additional Informa	tion Abou	t the	e Enter	prise	· · · · · · · · · · · · · · · · · · ·								
Type of Enterprise (check one)	**************************************												
New commercial enterprise re													
New commercial enterprise re													
New commercial enterprise re	sulting from	а сар	ital inves	tment in	an dxis	ing busi	ness				<u></u>		
Composition of the Petitioner's	Investmen	t:											
Total amount in U.S. bank accou	nt ann an	*******	******		2.c134.6134.54	****		\$					
Total value of all assets purchase								\$					
Total value of all property transfe								\$ \$					
Total of all debt financing		, i i i i i i i i i i i i i i i i i i i	ng ng kanalang sa kanalang Tang sa kanalang		ېوەتىنىدىتىلى 	ې وېغه د د د ممکنې	**************************************	.					
Total stock purchases	anna an		4,22,855,675,604	•••••		ផ្នាំអស់លទ្ធម		S					
Other (explain on separate paper) 		*****	1050001100000	in, minister	******	43.43 4.4 ⁻	\$					
Total		<u></u>			<u></u>		<u></u>	\$					<u>,</u>
Income:													
When you made the investment	Gross	\$					Net	\$					
New worth:	Gross	S			Baradi Timur		Net	S					
When you made investment	Gross	\$					Now	S					



Form 1-526 (05/10/12) Y Page 2

Number of full-time employees in the enterprise in U.S. (cx	eluding you, your spouse, sons, and daughters)
When you made your initial investment?	Now Difference
How many of these new jobs were created by your investment?	How many additional new jobs will be created by your additional investment?
What is your position, office, or litle with the new commercial	
Briefly describe your duties, activities, and responsibilities.	
What is your salary? \$	Vhat is the cost of your henefits? \$
Part 6. Processing Information	
Country of nationality: Country of current residence or, if now in the United States, last permanent residence abroad:	art 1 wishes to apply for an immigrant visa abroad, complete the
If you provided a United States address in Part 1, prin [[[]] [[]] [[]] [[]] []] Are you in deportation or removal proceedings? Have you ever worked in the United States without permission	ters, write the foreign address in the native alphabet: Yes (Explain on separate paper) No Yes (Explain on separate paper) No
If you provided a United States address in Part 1, prin [[]] [[]	ters, write the foreign address in the native alphabet. Yes (Explain on separate paper) No Yes (Explain on separate paper) No
If you provided a United States address in Part 1, prin [[]] [[]] []] [[]] []] []] [[]] []] []] []] []] []] []] []] []] []	ters, write the foreign address in the native alphabet: Yes (Explain on separate paper) No Yes (Explain on separate paper) No of the instructions before completing this section. States of America, that this petition and the evidence submitted with it is from my records that U.S. Citizenship and Immigration Services needs to
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Part 5. Information About Your Commercial Enterprise (continued)

Subsequent	Investment	in the Enterprise:	

Date	e of Investment
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Provide the gross and net incomes generated annually by the commercial enterprise since your initial investment. Include all income

Amount of Toyestment

Type of Investment

generated up to date during the present year.

Year	Gross Income	Net Income
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Has your commercial enterprise filed for bankruptcy, ceased business operations, or have any changes in its business organization or ownership occurred since the date of your initial investment?

Has your commercial enterprise sold any corporate assets, shares, property, or had any capital withdrawn since the date of your initial investment? Yes (Explain on separate sheet)

Part 6. Signature (Read the information on penalties in the instructions before completing this section.)

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I further certify that the investment was made in accordance with the laws of the United States and was not for the purpose of evading United States immigration laws. I also authorize the release of any information from my records that the U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought

Signature of Applicant	Print Name	Date
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NOTE: If you do not completely fill out this form or fail to submit any required documents listed in the instructions, you may not be found eligible for the requested benefit and this petition may be denied.

Part 7. Signature of Person Preparing Form, If Other Than Above

I declare that I prepared this petition at the request of the above person and it is based on all information of which I have knowledge.

Signature	Irint Name	Lyaic
Firm Name and Address (Include Te	ephone Number with Area Code and E-Mail Add	ress.)
	NARTA VILLA TEM VILLA SADA VIENA VILLA SA AVIL 1990 (N. 1997)	Form 1-829 07/30/11 V Page 3
		ENDD1-442, 0720411-3, 1982-3

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UNITED STATES REGIONAL LEONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

THIS SERVICE AGREEMENT (the "Agreement") is made and entered into as of this ______ day of ______, 20_____ by and between USREDA, LLC, d/b/a EB5 Petition ("EB5 Petition"), a Delaware company with principal place of business in Palm Beach County, Florida, and _______, with the purpose of providing legal immigration services as it applies to the United States EB-5 Visa program.

This Service Agreement pertains to the _____

Project (the "Project"), under the South Atlantic Regional Center ("Regional Center"), a USCIS-approved regional center.

WHEREAS, EB5 Petition was formed to enable individuals to become eligible for admission to the United States of America under the EB-5, fifth employment-based visa preference program (8 U.S.C. 1153(b)(5)), and seeks to offer services with regards to all aspects of the EB-5 program.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions:

EB5 Petition: EB5 Petition or its affiliated entity USREDA, LLC, and all agents and employees thereof.

I-526: The USCIS application for conditional permanent residency in the United States.

I-485: The USCIS application form to "Adjust Status" from non-immigrant visa to permanent residence for aliens lawfully present in the United States and otherwise eligible for adjustment.

DS-230: The U.S. Department of State application package for determining an applicant's "admissibility" to the United States for aliens unable to adjust status.

I-829: The USCIS application form for removal of conditional residency status and transition into permanent residency status.

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UNITED STATES REGIONAL LEONOMIC DEVELOPMENT AUTHORITY

I-131: The USCIS application for travel document used to apply for a reentry permit into the U.S., refugee travel document, or advance parole travel document.

INVESTOR: An individual that qualifies (along with their immediate family) for the EB-5 Immigration Program offered by the USCIS.

USCIS: United States Citizenship and Immigration Services.

CLIENT: A person that contracts EB5 Petition for services rendered in the legal consulting or processing of EB-5 documents, which will include individual EB-5 Investors, Brokers, and Consultants.

2. SPIRIT OF THE AGREEMENT: It is the intent of EB5 Petition to provide legal consulting and processing service specialized in the EB-5 Visa Program. Services offered will include the collection of required immigration documentation from the Client and Investor for USCIS applications, and the comprehensive completion of an I-526 application and a corresponding I-485 or DS-230 application for the Investor under the Regional Center. EB5 Petition will collect the information and documentation required by the USCIS (these documents include the Business Plan, Economic Analysis, PPM, Limited Partnership Agreement, Loan Documents, Escrow Agreement, and Subscription Agreement, along with personal information, financial information, and source and path of funds documentation for the Investor for Consular Interview.

The I-829 and other documents that may be necessary for completion of the Investor's application and permanent status will be billed separately. Client may choose these services at the time of application. Please see APPENDIX B for details.

EB5 Petition reserves the right to accept or reject the client at the time of the submission to our offices. We will review the documentation provided and determine the viability of the Investor Petition. EB5 Petition will have 30 days to review the documents.

3. COMMITMENT OF EB5 PETITION: During the term of this Contract, EB5 Petition agrees to perform following services:

- a. Gather information required for USCIS applications
- b. Prepare the complete I-526 application of the Investor for submission to the USCIS
- c. Prepare the complete I-485 or DS-230 application of the Investor for submission to the appropriate agency (after I-526 approval).

USREDA / SARC Service Agreement

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UNITED STATTS REGIONAL LEGROMIC DEVELOPMENT AUTHORITY .

USREDA / SARC Service Agreement

EB5 Petition guarantees completion of all the required materials and documents within 45 days of the receipt of the documents from the Client. EB5 Petition will provide detailed information regarding any RFEs ("Request For Evidence") that may be forthcoming from the USCIS regarding the submission. In the event of such a request, it will be the Client's responsibility to provide EB5 Petition the required information requested. EB5 Petition's staff will send the request to the Client in an expeditious manner. Since the RFE requests have specific time limits for a response, it is essential that all parties handle these requests in a timely manner. EB5 Petition will make every effort to inform and indicate the manner of information that may be requested. Often these requests are related to project specific attributes and source of funds requirements. EB5 Petition will provide guidance throughout the process. Failure to provide timely response or the information requested by the USCIS will void the EB5 Petition Guarantee.

4. FEE STRUCTURE: The fee for an I-526 and I-485/DS-230 application is indicated in APPENDIX B. This fee will be a "Money Back Guaranteed" performance-based charge, returnable only if a denial of the I-526 is issued by USCIS with no "cure."

Fees are to be paid via Check or Wire Transfer (see APPENDIX A). EB5 Petition fees do not include USCIS or NVC filing fees.

I-526 GUARANTEE: EB5 Petition guarantees the approval of any I-526 application it completes. If any such I-526 application is denied without possible cure, then EB5 Petition will return any service fees charged.

This guarantee does not apply in the case of fraud on the part of the Client or Investor, or if the Client or Investor furnishes EB5 Petition with false, misleading, or incomplete information.

This guarantee covers the approval of the I-526, and any I-485 or DS-230 applications. It does NOT cover the approval of any I-829 application.

5. TERM: The term of this partnership shall remain in effect until work is completed and the applicant is accepted or denied by the USCIS.

6. EXPENSES: EB5 Petition agrees to be responsible for reasonable out-of-pocket expenses related to performing services on behalf of the Client. Such expenses typically might include, but are not limited to: phone calls, postage, shipping, messengers, travel, meals and lodging. All items that EB5 Petition expects to be reimbursed for will be preapproved by the Client before the expense is paid. EB5 Petition fully expects to incur <u>NO</u> expenses. However, if any unexpected expenses arise, the Client will be under no obligation to repay those expenses unless agreed to by both parties before the expense occurs.

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UNITED VIAITS RECIONAL LEONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

7. INFORMATION: The Client acknowledges that EB5 Petition will rely on information furnished by the Client concerning the Client's personal information, background information, and source of funds without independent certification and the Client represents that such information will be materially complete and correct.

8. CONFIDENTIALITY: Except in the course of the performance of its duties hereunder, EB5 Petition agrees that it shall not disclose any trade secrets, know-how, or other proprietary information not in the public domain, learned as a result of this Agreement unless and until such information becomes generally known, unless EB5 Petition comes under direct subpoena to disclose this information to a court.

All documents will be considered confidential in nature. Only EB5 Petition's trained staff will handle the documents. Client may provide EB5 Petition a list of other personnel and interested parties that will have the right to access to the documents. This will be provided in the form of a facsimile release or email release.

All filings remain the property of Client and are provided in digital PDF format for Client's review.

Our systems provide the Client with complete digital files of all submissions, USCIS responses and RFEs (if any). During the course of the contract, Client may request files via either email (registered by case number and access code) or by mail or facsimile.

9. SCOPE OF ENGAGEMENT: EB5 Petition and its agents and employees will advise only as to U.S. immigration matters necessary to the filing of your I-526, I-485, DS-230, and I-829 petitions. EB5 Petition has not and will not advise on:

- Which regional center or project to invest in. Such a determination should be made by the Investor, with the assistance of other qualified counsel, before engaging EB5 Petition.
- The security of your investment, timing of return of your investment, or any tax or financial aspects of your investment.
- The accuracy of the business plan, economic analysis, private placement memorandum, or other project documents, or any attachments thereto.
- Foreign country currency laws and restrictions.
- Immigration matters arising prior to the I-526 petition, such as non-immigrant visas, unlawful presence, inadmissibility, and immigration strategy generally.
- Immigration matters arising outside the limited scope of engagement, such as naturalization, removal defense, or criminal matters.

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UNITETY STATES REGIONAL LEONOMIC DEVELOPMENT ALTEROMENT

USREDA / SARC Service Agreement

By signing this Agreement, you agree that you have been advised to seek independent advice on these matters from a financial advisor, business advisor, business or securities lawyer, accountant, or immigration lawyer for matters outside the limited scope of representation.

Once the USCIS or NVC petitions contracted for (I-526, I-485 if applicable, DS-230 if applicable, and optional I-829 if specified in APPENDIX B) are adjudicated (approved or denied without cure), services under this Agreement will terminate.

10. JOINT REPRESENTATION AND CONFLICTS OF INTEREST: EB5 Petition will represent you to the best of our ability with respect to processing your immigration matter. However, EB5 Petition is also called upon to represent the interests of the Regional Center in connection with your EB-5 petition, as well as other investors involved in the same project. By asking us to process your EB-5 petition, you agree that you intend a joint representation of you, other investors, and the Regional Center, where appropriate.

We believe that the interests of all parties involved are sufficiently aligned to undertake joint representation. However, because of this joint representation, there is potential for conflicts of interest to arise. We can only undertake this representation upon your certifying, by signing this Agreement, that you are aware of these potential conflicts of interest and, if applicable, you knowingly waive them. You should not ask us to represent you if you are aware at the outset of the matter that any of your interests are inconsistent with those of the Regional Center or any other investor in a project under that Regional Center, and you must let us know if you come to believe that any potential conflicts develop after our representation begins. If significant conflicts develop, we may have to stop representing you or some of our clients in a particular matter, with the result that you or some of our clients may need to hire new counsel at that time.

In connection with your decision to utilize EB5 Petition to process your immigrant petition, you should be aware of the following:

- Attorney-Client privilege only extends to members of the legal staff and the protection thus afforded does not extend to communications you may receive from the Regional Center.
- In the event of a dispute between joint clients, the attorney-client privilege will not protect against the disclosure to all joint clients of information shared during the joint representation.
- The legal staff receives compensation for services paid directly by EB5 Petition.
- Issues of timing for purposes of petition filing between joint investors will be resolved on a first-come, first served basis.
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UNITU STATTS REGIONAL ECONOMIC DEVELOPMENT ALTHORITY

USREDA / SARC Service Agreement

11. ASSIGNMENT: This Agreement shall not be assignable by either party.

12. GOVERNANCE: This contract will be governed by the laws of the State of Florida (Palm Beach County), USA.

Dated:10/09/2013	Dated:
EB5 Petition	CLIENT
Printed Name / Position	Printed Name / Position

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UNITED STATES REGIONAL LEONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

APPENDIX A

WIRE INSTRUCTIONS

This is the wire instruction for South Atlantic Regional Center.

The amount due is:

USD \$15,000 (I-526 only) or **USD \$20,000** (I-526 and I-829)

Beneficiary:

South Atlantic Regional Center, LLC 197 S. Federal Highway, Suite 200 Boca Raton, FL 33432 USA

The wire instructions are as follows:

Bank Name: **PNC Bank** Bank Address: 9875 Jog Road, Boynton Beach, FL 33437 USA Bank Phone Number: (877) 287-2654

Bank ABA Number: **043000096**

SWIFT Code: **PNCCUS33**

Bank Account Number: **1205088469** (checking account)

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UNITED STATES REGIONAL LEONOMIC DEVELOPMENT AUTHORITY

USREDA / SARC Service Agreement

APPENDIX B

Compensation: EB5 Petition shall be required to perform the specified services at the agreed price of <u>fifteen thousand</u> USD (<u>\$15,000</u>) for completion of all documents required for a USCIS I-526 application and an I-485 or DS-230 application, excluding USCIS or NVC filing fees, for the Investor named herein.

Fees are due and payable before EB5 Petition will begin the work product.

Optional I-829 Application: The services described above only include the I-526 and I-485 or DS-230 applications. At your election, EB5 Petition can also gather information for, process, and file an I-829 application for the Investor covered hereunder. The additional fee for this service is currently <u>five thousand</u> USD (<u>\$5,000</u>), plus USCIS filing fees. Should you wish to elect to add I-829 processing at this time, please sign below:

SIGNATURE

DATE



A Luxury Condominium Hotel and Spa on Palm Beach

FULL SIGNATORY PACKAGE



Petitioner Name:

Petitioner ID Number:



WIRE INSTRUCTIONS Administrative Fees





INCOMING INTERNATIONAL WIRING

Receiving Bank: PNC Bank SWIFT CODE: PNCCUS33

BENEFICIARY: South Atlantic Regional Center, LLC. 197 S. Federal Highway Suite 200 Boca Raton, Florida USA, 33432

Beneficiary Account Numbers:

ACCOUNT NAME:

Palm House Hotel, LLLP

ACCOUNT NUMBER: **8469** (Checking Account)

PNC Bank ABA Number: 043000096

For tracking purposes, please fax or email a copy of the bank wire receipt to our office.

Note: Should you wish to include additional information with the payment (e.g. the remitter's name), you may include it in the *Originator to Beneficiary Field* (also referred to as Field Tag 6000), which contains 140 characters for additional remittance information.

FOR ASSISTANCE FROM PNC BANK PLEASE CALL: (877) 287-2654



Palm House Hotel, LLLP

428 Main Street South Pilgrims Mall Woodbury, CT06798



WIRE INSTRUCTIONS ESCROW ACCOUNT



ESCROW BANK WIRE TRANSFER INSTRUCTIONS

WIRING INSTRUCTIONS FOR DEPOSITING FUNDS INTO ESCROW ACCOUNT

[INBOUND WIRING INSTRUCTIONS]

\$500,000.00 USD | ESCROW FUNDS

Escrow Bank: PNC Bank

LLLP: Palm House Hotel, LLP

Subscriber Representative: South Atlantic Regional Center, LLC Funds should be wired directly pursuant to the following instructions:

To: **PNC Bank** 9875 Jog Road Boynton Beach, FL 33437 USA

ABA # **043000096**

SWIFT Code: PNCCUS33

Credit To:

 Palm House Hotel, LLLP Escrow Account

 Account # 7626

Subscriber info: _

(Name of Subscriber for Account)

CONFIDENTIALITY NOTE: The information contained in this document is legally privileged and confidential information intended only for the addressee(s) named above. If the reader of this document is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of the document is strictly prohibited. If you have received this document in error, please immediately notify us by telephone and return the document to us at the address below via US Mail. We will reimburse any reasonable cost you incur in notifying us and returning the document to us. Thank you.

PALM HOUSE HOTEL, LLLP © 2012 • SOUTH ATLANTIC REGIONAL CENTER



Palm House Hotel, LLLP

Strictly Confidential

Private Placement Memorandum

This document serves as a record of my receipt of the Private Placement Memorandum dated 12/02/2012, for Palm House Hotel, LLLP, a Florida Limited Liability Limited Partnership (the "Partnership"). I received a copy of the Private Placement Memorandum, containing an investment summary, business summary, accredited investor questionnaire and subscription agreement.

I understand that this offering has not been registered with the Florida division of securities, the U.S. Securities and Exchange Commission ("SEC") or any other foreign securities agency and is not required to be so registered.

I agree to maintain in confidence the information set forth in this document, together with any other nonpublic information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that I do not elect to participate in the offering.

Investor Name

Investor Signature

Date

12/02/2012



LIMITED PARTNERSHIP AGREEMENT



LIMITED PARTNERSHIP AGREEMENT OF PALM HOUSE HOTEL, LLLP

a Florida Limited Liability Limited Partnership County of Palm Beach

Dated 11/30/2012

Palm House Hotel, LLLP 197 S. Federal Highway, Suite 200 Boca Raton, FL 33432 Telephone: (561) 282-6102

LIMITED PARTNERSHIP AGREEMENT Palm House Hotel, LLLP

11/30/2012

IN WITNESS WHEREOF, each party has executed this Limited Partnership Agreement on the day and year written below.

GENERAL PARTNER

Date: _____

Joseph J. Walsh For South Atlantic Regional Center, LLC

LIMITED PARTNER

(Signature)

Date: _____

(Written Name)



SUBSCRIPTION AGREEMENT

SUBSCRIBER: ____

Palm House Hotel, LLLP a Florida Partnership 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432

RE: Offering by Palm House Hotel, LLLP of Partnership interests

The undersigned Subscriber hereby subscribes to and agrees to purchase an equity interest in Palm House Hotel, LLLP, a Florida limited liability Partnership ("Partnership") consisting of a \$500,000 equity investment in Partnership ("Investment") as set forth below on the signature page hereof. The investment in Partnership, and indirectly in the Hotel Project ("Project") is described in the Private Placement Memorandum ("Memorandum"). The Partnership will be managed by South Atlantic Regional Center, LLC ("General Partner"). All capitalized terms not otherwise defined herein shall have the meaning specified in the Memorandum.

In addition to the \$500,000 investment, each Subscriber will pay concurrently to General Partner an organizational and administration fee of \$40,000, as described in the Memorandum and LP Agreement. Upon General Partner's acceptance of the Subscription, the entire \$540,000 shall be wired into an Escrow.

Subscriber, by executing this Subscription Agreement, does hereby certify and agree as follows:

I have had a personal interview (the "Interview") with the representative of General Partner. During the course of the Interview, we discussed the information concerning the Partnership, General Partner, and their business in great detail and I had the opportunity to obtain any additional information I believed I needed in order to evaluate the risks and merits of the investment. I have also been provided with the Memorandum that provides certain

11/24/2012

SUBSCRIPTION AGREEMENT Palm House Hotel, LLLP

dealing ... in property or interests in property blocked ... is prohibited, any transaction ... that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order is prohibited, and any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited. The phrase following persons (hereinafter referred to as Terrorists) is generally defined in the Order as meaning terrorists, including a specified list or persons and organizations. I hereby represent and warrant that I am not a Terrorist as described above.

23. I am a resident of: (list U.S. state or province/country).

24. I AM AN ACCREDITED INVESTOR! I am aware that the Investment is being offered to accredited investors only. I acknowledge and warrant that I am an accredited investor because (check appropriate category):

a.

My individual net worth (without any exclusions), or joint net worth together with my spouse (if any), is in excess of \$1,000,000 (exclusive of my or my spouse's primary residence).

b.

My individual income was in excess of \$200,000 in each of the past two years (excluding my spouse's income), or my joint income with my spouse was in excess of \$300,000 in each of the past two years, and I expect to have an income in excess of that amount in the current year.

- 25. I hereby provide you with the following information and representations:
- Employer and Position: 2. Business Address and Telephone Number: 3. Business or professional education and degrees: 4. Prior Employment (5 Years): EMPLOYER NATURE OF DUTIES DATES OF EMPLOYMENT 5. Prior Investments of Purchaser (cumulative amount): Over \$100,000: Up to \$100,000: None: Real Estate: Up to \$100,000: Over \$100,000: Oil and Gas: None: Up to \$100,000: Over \$100,000: None: Other: SUBSCRIPTION AGREEMENT

11/24/2012

Palm House Hotel, LLLP

THE INFORMATION CONTAINED IN THIS SUBSCRIPTION AGREEMENT WILL BE TREATED CONFIDENTIALLY. However, I agree that you may present this Subscription Agreement to such parties as you deem appropriate if the Partnership is called upon to establish that the proposed offer and sale of the Investment is exempt from registration under the Act, or meets the requirements of applicable state securities laws.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement.

Signature: _____ Date: _____, 20_____ Amount of Investment: \$500,000 Ownership interest to be vested in the name(s) as follows: Name Typed or Printed: _____ Social Security Number:_____ Phone Number:_____ Email:_____ Street Mailing Address: City: _____ State or Province: _____ Country: _____ Zip / Postal Code: _____ The initial \$40,000 check will be deposited into escrow and should be made payable to: "PNC Bank, as Escrow Agent for Palm House Hotel, LLLP." If your subscription is not accepted, please indicate your beneficiary bank to return your investment: Wire Instructions for payments to Beneficiary Bank: Beneficiary Name: _____

Beneficiary Address:	
Beneficiary Bank Account Number:	
Beneficiary Phone Number:	
Beneficiary ID (Passport Number):	
Beneficiary Bank Name:	
Beneficiary Bank Address:	
Branch SWIFT Code:	
If required Intermediary Bank Name:	

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If required Ir	termediary Bank Address:
If required Ir	termediary Bank SWIFT Code:

11/24/2012

SUBSCRIPTION AGREEMENT Palm House Hotel, LLLP



ACCREDITED INVESTOR IMMIGRATION QUESTIONNAIRE **INVESTOR ELIGIBILITY QUESTIONNAIRE**

This guestionnaire is NOT an offer to sell or a sale of securities. Each prospective investor must complete this questionnaire and return it by e-mail, standard mail, or fax to Palm House Hotel, LLLP ("Company"). The Company will us the responses to this questionnaire to qualify prospective investors for purposes of federal and state securities law.

The prospective investor will be given access to information upon determination of suitable investor eligibility based upon the facts disclosed in this questionnaire and any other facts about the prospective investor known by the Company.

All questions must be answered. If the answer to any question below is "none" or "not applicable", then please indicate such a response in the applicable field.

The Signer of this document ("Signer") agrees that the Company may present this questionnaire to such parties as the Company deems appropriate to establish the availability of exemptions from registration under federal and state securities laws or to otherwise comply with governmental or regulatory authorities. The Signer represents that the information furnished in this questionnaire is true and correct of their own knowledge, and acknowledges that the Company and its counsel are relying on the truth and accuracy of such information to comply with federal and state securities laws. The Signer agrees to notify the Company promptly of any changes in the foregoing information that may occur prior to the investment.

(Signature)

(Print or Type Name)

(Date)



ALM HOUSE, LLLP 197 SOUTH FEDERAL HIGHWAY SUITE 200 BOCA RATON, FL 33432

Palm House, LLP - Investor Questionnaire

1

1	Name
	(Exact, full legal name of the individual buying the securities)
-	
(Current Residence Address
	Home Telephone
I	E-mail Address
I	Date of Birth
I	Place of Birth (city, state, country)
(Country of Citizenship
2. <u>BUSI</u>	INESS INFORMATION
(Occupation

Number of Years
Present Employer
Position/Title
Business Address
Business Telephone
Business Facsimile

3. INVESTOR ELIGIBILITY

Please answer ALL the questions on the following page.



CHECK THE APPROPRIATE BOX

(ALL QUESTIONS MUST BE ANSWERED)

X YES	 I certify that I am not a "U.S. Person" as
□ NO	defined in Rule 902 of Regulation S under the
	Securities Act of 1933, as amended (the "Act"),
	and agree to resell the securities of the Company
	received in connection herewith only in
	accordance with the provisions of Regulation S,
	pursuant to registration under the Act or pursuant
	to an available exemption from registration, and
	agree not to engage in hedging transactions with
	regard to the securities unless in compliance with
	the Act.
	2A. I am an "accredited investor" as defined in
	Rule 501(a) of Regulation D under the Act because
YES	I have a net worth (or joint net worth with my
NO	spouse) in excess of USD \$1,000,000. For
	purposes of this question, "net worth" means the
	excess of total assets over total liabilities.
	2B. I am an "accredited investor" as defined in
	Dula E01(a) of Degulation D under the Act

Rule 501(a) of Regulation D under the Act because I have had individual income in excess of USD \$200,000 (excluding my spouse) in each of the two most recent years (or joint income with my spouse in excess of USD \$300,000 in each of those years), and have a reasonable expectation of reaching the same income level in the current year.

3A. I have the capacity to evaluate the merits and risks of the prospective investment and to otherwise protect my own interests in connection with the prospective investment by reason of my own business and/or financial experience. If I answered "YES" to this question, I support my reply with the following education and/or business and/or financial experience:(Please provide as much detail as possible)___

Palm House, LLP - Investor Questionnaire



YES

NO

(If YES, please complete lines to the right.)



⁽Add additional pages as necessary)

YES NO

(If YES, please complete lines to the right.)

3B. I have hired a professional advisor, and by reason of the business and/or financial experience of such professional advisor, I have the capacity to evaluate the merits and risks of the prospective investment and to otherwise protect my own interests in connection with the prospective investment. I understand that the professional advisor will be required to fill out and certify a questionnaire. My professional advisor is:

Name:	
Occupation:	
Firm:	
Contact Info:	

4. I am purchasing the securities offered for my own account and for investment purposes only. If answered "NO" to this question, the following is the person for whose account I am purchasing the offered securities and/or the reason for investing: (Please provide as much detail as possible)



(If no, please complete lines to the right)

5. I have a pre-existing personal or business relationship with the Company or any of its officers, directors, or controlling persons. If I answered "YES" to this question, I explain my reply with the following description of my affiliation with that person or those persons: (Please provide as much detail as possible)



(If YES, please complete lines to the right.)



IMPORTANT NOTICE CONCERNING U.S. IMMIGRATION

Your U.S. immigration application could be denied for reasons such as health conditions, criminal offenses and national security. This is not a comprehensive listing of the possible grounds of ineligibility. You should consult your attorney to determine your eligibility.

Please answer the following questions for purposes of our initial assessment of eligibility:

Part A

A.1. Have you been arrested, charged, convicted, fined or imprisoned for violating any law (excluding traffic violations)?



A.2. Have you been a member of, or in any way affiliated with, the Communist Party?



A.3. Have you been a member of, or in any way affiliated with, a terrorist organization?

A.4. Have you, by willful misrepresentation of a material fact, ever applied for or obtained a visa, an immigration benefit, or entry in to the United States?



A.5. Have you been deported or removed from the United States?



A.6. Have you been in the past, or are you presently, in the United States without lawful immigration status or worked without employment authorization?



A.7. Health grounds: Do you have a communicable disease of public health significance; or a physical or mental disorder that is a threat to the safety of others; or are you a drug abuser?

Yes _	_No_	L
_	 	-

No

Yes



A.8. Have you received public assistance in the United States, or are you likely to receive public assistance in the future?

If you answered "yes" to any of the questions above, you may be ineligible to immigrate to the United States. You should consult with an attorney expert in U.S. immigration law.

A.9 Will your spouse or any of your children be included in your EB-5 visa application?

Yes	No	L
res	_ NO _	F

If yes, how many total family members will be applying (including yourself)?_____

Name of spouse:
(LAST) (FIRST) (MIDDLE)
Place of Birth:
(CITY) (STATE) (COUNTRY)
Data of Pirth: / / Country of Citizanship:
Date of Birth:/ Country of Citizenship: (MONTH/DAY/YEAR)
Child #1: (LAST) (FIRST) (MIDDLE)
Place of Birth:
(CITY) (STATE) (COUNTRY)
Data of Dirthy / Country of Citizenships
Date of Birth:/ Country of Citizenship: (MONTH/DAY/YEAR)
Child #2:(LAST) (FIRST) (MIDDLE)
Place of Birth:
(CITY) (STATE) (COUNTRY)
Date of Birth:/ Country of Citizenship:
(MONTH/DAY/YEAR)
Child #3:(LAST) (FIRST) (MIDDLE)
Place of Birth:
(CITY) (STATE) (COUNTRY)
Date of Birth:/ Country of Citizenship:
(MONTH/DAY/YEAR)



Upon submission of your immigration application we may will require some additional follow-up contact information and green card information in order to comply with USCIS requirements. This information will also be used to maintain contact with the limited partners regarding their investment.

Part B

B.1. Are you able to provide documentation that traces your investment from your account to the account of the U.S. investment enterprise?



B.2. Are you able to provide documentation that explains how you accumulated the funds used to make the investment?



B.3. Are your investment funds from a lawful source?



B.4. Do you have the capacity to participate in the U.S. investment enterprise as a limited partner?



If you answered "no" to any of the questions in Part B above, you will not be eligible for U.S. immigration based on investment.



NOTE: Please include a photocopy of your Passport along with this questionnaire.

INDIVIDUAL(S) SIGN HERE:

Subscriber:

(Signature)

Date: _____



Form W-8BEI			ier
(Rev. February 2006) Department of the Treasu Internal Revenue Service	y for United States Tax Withhol ▶ Section references are to the Internal Revenue Code. ► Sec ▶ Give this form to the withholding agent or payer. Do no	e separate instru	
Do not use this form for • A U.S. citizen or of • A person claiming	r: her U.S. person, including a resident alien individual		Instead, use Form
 A foreign partnersh A foreign governm foreign private four 	ess in the United States ip, a foreign simple trust, or a foreign grantor trust (see instructions for es- ent, international organization, foreign central bank of issue, foreign tax-es- dation, or government of a U.S. possession that received effectively con ability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (see instructions)	xceptions) kempt organizatio hected income or	on, • that is
Note: These entities claim they are a forei • A person acting as	should use Form W-8BEN if they are claiming treaty benefits or are provid on person exempt from backup withholding. an intermediary s for additional exceptions.		
Part I Iden	ification of Beneficial Owner (See instructions.)		
1 Name of individ	lual or organization that is the beneficial owner	2 Count	try of incorporation or organization
3 Type of benefit Grantor trusi	of issue Tax-exempt organization Private foundation	ment 🗌 I	Partnership Simple trust International organization
4 Permanent resi	dence address (street, apt. or suite no., or rural route). Do not use a P.O	. box or in-care-	of address.
City or town, s	ate or province. Include postal code where appropriate.		Country (do not abbreviate)
5 Mailing addres	; (if different from above)		
City or town, s	ate or province. Include postal code where appropriate.		Country (do not abbreviate)
6 U.S. taxpayer i	dentification number, if required (see instructions) 7	Foreign tax ide	entifying number, if any (optional)
8 Reference num	ber(s) (see instructions)		
Part II Clair	n of Tax Treaty Benefits (if applicable)		
a ☐ The beneficial b ☐ If required, c ☐ The benefic	heck all that apply): wher is a resident of	ns). hich the treaty be	nefits are claimed, and, if
d 🗌 The benefi	ial owner is not an individual, is claiming treaty benefits for dividends rec or business of a foreign corporation, and meets qualified resident status (eived from a forei	ign corporation or interest from a
	ial owner is related to the person obligated to pay the income within the if the amount subject to withholding received during a calendar year exc		
treaty identified	and conditions (if applicable—see instructions): The beneficial owner is c on line 9a above to claim a% rate of withholding on (spe sons the beneficial owner meets the terms of the treaty article:	cify type of incom	ne):
Part III Notic	onal Principal Contracts		
connected	ided or will provide a statement that identifies those notional principal co with the conduct of a trade or business in the United States. I agree to u fication		
Under penalties of perju further certify under per 1 I am the beneficial ow 2 The beneficial owner i	y, I declare that I have examined the information on this form and to the best of my alties of perjury that: ner (or am authorized to sign for the beneficial owner) of all the income to which this not a U.S. person,	s form relates,	
not subject to tax under 4 For broker transaction Furthermore, I authorize	his form relates is (a) not effectively connected with the conduct of a trade or busin an income tax treaty, or (c) the partner's share of a partnership's effectively connects or barter exchanges, the beneficial owner is an exempt foreign person as defined this form to be provided to any withholding agent that has control, receipt, or cust at can disburse or make payments of the income of which I am the beneficial owne	cted income, and in the instructions. ody of the income of	
Sign Here	ignature of beneficial owner (or individual authorized to sign for beneficial owner)	Date (MM-DD-Y	YYY) Capacity in which acting
For Paperwork Red	iction Act Notice, see separate instructions. Cat. No. 25	047Z	Form W-8BEN (Rev. 2-2006

	Ase 9:16-cv-81871-XXXX Document 1-39 E Notice of Entr as Attorney or Accre Department of H	³¹ of A edited	appe I Re	earance DHS Presentative OMB No. 1615-0105 Expires 02/09/0016
Par	t 1. Information About Attorney or Accredited Representative	Pa	rt 2.	Eligibility Information For Attorney or Accredited Representative
Nam	e and Address of Attorney or Accredited Representative	(Ch	eck ap	pplicable items(s) below)
1.a. 1.b.	Family Name (Last Name) Given Name (First Name)	1.		I am an attorney eligible to practice law in, and a member in good standing of, the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of
1.c.	Middle Name			Columbia.
2.	Name of Law Firm or Recognized Organization			1.a.
3.	Name of Law Student or Law Graduate			1.b. I (<i>choose one</i>) am not am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law. (If you are subject to any order(s), explain fully in the
4.	State Bar Number			space below.)
_				1.b.1.
5.a. 5.b. 5.c.	Street Number Street Name Apt. Ste. Flr.	2.		I am an accredited representative of the following qualified nonprofit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 292.2. Provide the name of the organization
5.d.	City or Town			and the expiration date of accreditation.
5.e.	State 5.f. Zip Code			2.a. Name of Recognized Organization
5.g.	Postal Code			2.b. Date Accreditation expires
5.h.	Province			(mm/dd/yyyy)
5.i.	Country	3.		I am associated with
6. 7.	Daytime Phone Number () E-Mail Address of Attorney or Accredited Representative			3.a
		4.		I am a law student or law graduate working under the direct supervision of the attorney or accredited representative of record on this form in accordance with the requirements in 8 CFR 292.1(a)(2)(iv).

Part 3. Notice of Appeara	nce as Attorney or	7. Provide A-Number and/or Receipt Number		
Accredited Repres	•			
This appearance relates to immigration matters before (select one): 1. USCIS - List the form number(s) 1.a.		Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, ICE, or CBP.		
2. ICE - List the specific mentered	natter in which appearance is	8.a. Signature of Applicant, Petitioner, or Respondent		
2.a.		8.b. Date (<i>mm/dd/yyyy</i>) ►		
3. CBP - List the specific rentered	natter in which appearance is	Part 4. Signature of Attorney or Accredited Representative		
3.a.		I have read and understand the regulations and conditions		
	s attorney or accredited olicant Petitioner pondent (ICE, CBP)	 contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct. 1. Signature of Attorney or Accredited Representative 		
Name of Applicant, Petitioner, o	or Respondent			
5.a. Family Name (Last Name)	-	2. Signature of Law Student or Law Graduate		
5.b. Given Name (<i>First Name</i>)		3. Date $(mm/dd/yyyy)$		
5.c. Middle Name		Part 5. Additional Information		
5.d. Name of Company or Organ	nization, if applicable	1.		
NOTE: Provide the mailing address or representative, except when a safe permitted on an application or permitted on a permitted on permitted on a permitted on permitted on a permitted on a pe	f the attorney or accredited e mailing address is			
6.a. Street Number and Name				
6.b. Apt. Ste. Flr.				
6.c. City or Town				
6.d. State 6.e. Zip C	ode			

_

Department of Homeland Secu U.S. Citizenship and Immigration		OMB No. 1615-0026; Exp. 05/31/201 Form I-526, Immigrant Petition by Alien Entrepreneu
Do	Not Write in This Block - For USCIS Us	se Only (Except G-28 Block Below)
Classification	Action Block	Fee Receipt
Priority Date		To be completed by Attorney or Representative, if any G-28 is attached Attorney's State License No.
Remarks:		
TART HERE - Type or pr art 1. Information A		
amily	Given Name	Middle Name
under and Name:		
ddress:	of Birth (tes, provide Date of Arrival	Apt. Number Country Zip/Postal Code Social Security # (if any)
he following information: Current Nonimmigrant Status	(mm/dd/yyyy) Date Current Status Expires (mm/dd/yyyy)	I-94 # Daytime Phone # with Area Code
 amount of capital i This petition is bas has been adjusted u This petition is bas adjustment area. 	ed on an investment in a commercial entern nvested has been adjusted downward. ed on an investment in a commercial entern upward. ed on an investment in a commercial entern	prise in a targeted employment area for which the required prise in an area for which the required amount of capital investe prise that is not in either a targeted area or in an upward
art 3. Information A	bout Your Investment	
Required Field - Do Not Leave treet ddress hone # ith Area Code ind of business	Business organiz (corporation, par Date est	thership, etc.)
e.g. furniture manufacturer)	(mm/dd/	/vvvv) IRS Tax #
ECEIVED:	RESUBMITTED: RJ	ELOCATED: SENT REC'D

Date of your initial investment (mm/dd/yyyy)	Amount of your initial investment	s	
Your total capital investment in the enterprise to date \$	Percentage of the enterprise you own		
If you are not the sole investor in the new commercial e natural) who hold a percentage share of ownership of the classification as an alien entrepreneur. Include the name under section 203(b)(5). NOTE: A "natural" party work corporation, consortium, investment group, partnership.	ne new enterprise and indicate whether any o e, percentage of ownership, and whether or n uld be an individual person, and a "non-natur	of these part not the pe	arties is seeking rson is seeking classificat
If you indicated in Part 2 that the enterprise is in a targ or in an upward adjustment area, name the county and S			State
Part 4. Additional Information About the	Enterprise		
Type of Enterprise (check one):	Sendom -		
New commercial enterprise resulting from the cre	eation of a new business.		
New commercial enterprise resulting from the put	rchase of an existing business.		
New commercial enterprise resulting from a capit	al investment in an existing business.		
Total amount in U.S. bank account Total value of all assets purchased for use in the ente Total value of all property transferred from abroad to Total of all debt financing Total stock purchases Other (explain on separate paper) Total	spriseS		
Income:			
When you made the investment Gross \$	Net \$		
Now Gross S	Net \$	-	
Net worth:			
When you made investment Gross \$	Now S		



Form 1-526 (05/10/12) Y Page 2

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Number of full-time employees in the en	nterprise in U.S. (excluding you, your spouse, sons, and daughters)	
When you made your initial investment?	Now Difference	1
How many of these new jobs were	How many additional new jobs will be	
created by your investment?	created by your additional investment?	
What is your position, office, or title with	the new commercial enterprise?	
Briefly describe your duties, activities, and	l responsibilities.	
		1
What is your salary? \$	What is the cost of your benefits? \$	
Part 6. Processing Information		
Check One:	and the state of the	
The person named in Part 1 is no filed if this petition is approved.	ow in the United States, and an application to adjust status to permanent resident will l	be
	e person named in Part 1 wishes to apply for an immigrant visa abroad, complete the	
following for that person		
Country of nationality:		
Country of current residence or,		
United States, last permanent resi	Idence abroad:	_
	ddress in Part 1 , print the person's foreign address:	
If you provided a United States ad		
If you provided a United States ad	ddress in Part 1, print the person's foreign address:	
If you provided a United States ad	ddress in Part 1 , print the person's foreign address: other than Roman letters, write the foreign address in the native alphabet:	No
If you provided a United States at If the person's native alphabet is a	ddress in Part 1 , print the person's foreign address: other than Roman letters, write the foreign address in the native alphabet: dings? Yes (Explain on separate paper)	No
If you provided a United States as If the person's native alphabet is of Are you in deportation or removal proceed Have you ever worked in the United States	ddress in Part 1, print the person's foreign address: other than Roman letters, write the foreign address in the native alphabet: dings? Yes (Explain on separate paper) s without permission? Yes (Explain on separate paper)	
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If you provided a United States as If the person's native alphabet is of If the person's native alphabet is of Are you in deportation or removal proceed Have you ever worked in the United States Part 7. Signature Read the informant I certify, under penalty of perjury under the all true and correct. I authorize the released determine eligibility for the benefit I am so Signature NOTE: If you do not completely fill out the found eligible for the immigration benefit Part 8. Signature of Person Pre- I declare that I prepared this application at Signature	ddress in Part 1, print the person's foreign address: other than Roman letters, write the foreign address in the native alphabet: dings? Yes (Explain on separate paper) s without permission? Yes (Explain on separate paper) nation on penalties in the instructions before completing this section. ne laws of the United States of America, that this petition and the evidence submitted ve of any information from my records that U.S. Citizenship and Immigration Services eeking. Date his form or fail to the submit the required documents listed in the instructions, you may you are seeking and this petition may be denied. eparing Form, If Other Than Above (Sign below) the request of the above person, and it is based on all information of which I have kn Print Your Date Date Date	No with i need



Protect Rights Advance Interests Maximize Opportunities

Ali Herischi, Esq. (MD Bar)

7201 Wisconsin Ave, suite 450 Bethesda, MD 20814

www.ibhlaw.com info@ibhlaw.com Tel: 301-363-4540 Fax: 301-363-4538

ENGAGEMENT LETTER

Date: _____

To:

Re: EB-5 Immigrant visa by investment

Dear:

Pursuant to our conferences on or before , our firm's agreed to represent you and your relative(s) in connection with your immigration application. This letter will confirm the terms of our representation. Our work will begin upon receipt of a signed copy of this letter.

Herischi & Associates LLC will provide legal services to client and the scope of services we will render, the manner of calculating, billing and collecting legal fees, and other aspects of the proposed representation are mutually agreed to be set in this agreement.

Scope of Engagement

Herischi & Associates LLC will provide the following legal services to client;

- 1- If required, apply to acquire a license from Office of Foreign Asset Control (OFAC) for an Iranian to invest in a Regional Center.
- 2- Open necessary bank accounts to accommodate the money transfer, including an escrow account.
- 3- File applicable USCIS forms for the applicant and his/her family in regards to the EB-5 application. Client has chosen South Atlantic Regional Center for his investment.
- 4- Facilitate the return of the investment to the investor upon the distribution by the Regional Center.

5- The total cost including legal fee and application fees are \$17,500 payable to the law firm of Herischi & Associates LLC. In addition there is the Regional Center's Registration fee of \$42,500. This fee does not cover any fee you have to pay at the embassy

Note. This Engagement letter **does not** cover the removal of condition after two years of residency.

We will strive to represent you professionally, effectively, and efficiently.

Our Responsibilities

We will keep you informed of all developments in this case. We will copy you on all correspondence and on all pleadings we generate and receive. We strive to return telephone calls the same day they are received but are sometimes unable to do so. We will always return your phone calls within one business day of receiving them unless circumstances beyond our control prevent us from doing so. Please understand that because I handle matters in addition to yours, I am not always immediately available.

The firm is not retained to provide investment advice. We are working with Client to evaluate the Regional Center business opportunity, but limited to the Immigration laws governing the EB-5 application. Our scope of engagement does not cover any investment advice or evaluation of an investment opportunity. We are not responsible for Client's business decisions. The firm does not and never have guaranteed any investment outcome. In addition, the Eb-5 application's approval is also not guaranteed by our firm.

While we will make recommendations on the outcome of your case, ultimate decisions belong to you. We do reserve the right, however, to make strategic decisions that in our judgment best advance the case to reach the outcome you desire.

Client's Responsibilities

You have certain responsibilities that need to be fulfilled in order for us to achieve a successful outcome. You agree to keep us informed of any changes in your address and living

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situation. You will make yourself reasonably available for telephone consultations, office conferences, and any formal appearances that are required in pursing your matter.

SCHEDULE OF FEES AND PROCESS

- 1- START (one week)
 - a. Sign this engagement letter.
 - b. Transfer \$10,000 to Herischi & Associates LLC's account, for legal fee. Fill and sign the registration forms for EB-5 Regional Center.
 - c. Gather required documents from the Client;
 - i. The checklist will be provided to the client.
 - d. Executing the Regional Center's registration contracts
 - e. Pay Regional Center's registration fee of \$42,500.
- 2- APPLICATION submission (2-3 weeks)
 - a. Transfer \$500,000 for the investment to the Regional Center's escrow account.
 - b. Transfer the remaining \$7,500 legal fee to Herischi & Associates LLC.
 - c. Issuance of partnership documents, shareholders' agreements, and other relevant financial documentation.
 - d. File USCIS forms for EB-5 application.
- 3- Application APPROVAL process (6-8 months)
 - a. Waiting for the approval, following up with USCIS, responding to the USCIS's requests or questions.
 - b. Approval of the application
 - c. Transfer \$500,000 from the Escrow account to the Regional Center's bank account
 - d. Upon approval, Client's case will be sent to a proper US embassy for an interview.
 - e. Gathering required documents for the Embassy interview
 - f. Client will attend the interview after completing the required steps.
 - g. Immigrant Visa will be issued by the Embassy.

4- ARRIVAL

a. Receive the Green Card (actual card)

There is no other cost associated to this case. This Firm is not responsible for the risk associated with this investment and the client selected this investment and the firm is only hired to provide legal services stated in this Agreement.

Arbitration

Any dispute or claim relating to our fees, charges, legal services, obligations reflected in this letter, or any other aspect of our representation shall be resolved through a confidential, binding arbitration, in the state of Maryland, before a single arbitrator under Commercial Rules then in effect of American Arbitration Association, and judgment on the award rendered may be entered in any court having jurisdiction. You agree that commitment here to arbitrate any and all disputes relinquishes any right to bring an action in court and that you are waiving right to a jury trial.

Attorney's Fees

If any dispute or claim arising out of or relating to our fees, charges, legal services, obligations reflected in this letter, or any aspect of our representation, arises, the firm will be entitled to recover from the client all costs and expenses it incurs in bringing and prosecuting and defending any litigation or arbitration, including reasonable attorneys' fees and costs at trial and appeal. In any event the firm is not responsible for attorney's fees and expenses of the client.

Client's Right to Terminate of Representation

You may terminate this representation at any time with or without cause by notifying us in writing of your desire to do so. Upon receipt of the notice to terminate representation, we will stop all legal work on your behalf immediately. You are responsible for the legal fee that has been paid to us. The legal fee considered earned and we are not going to refund any legal fee received in this matter. If by any chance the case is denied due to the Regional Center's issue, then, you are only responsible for nonrefundable fee of \$15,000. (The total risk) In other hand, if the case is denied due to the client's security background check, or failure to satisfy other elements of the case such as

the legal acquisition of the invested fund, then you have to pay all the legal fees and expenses in this case.

On behalf of the firm, we appreciate the opportunity to represent you in this matter. If you have questions, please feel free to call me at 301-363-4540.

Very truly yours,

Ali Herischi, Esq. Principal Attorney Herischi & Associates LLC

I have read and consent to it.

Client name:

Date

Case 9:16-cv-81871-XXXX Document 1-39 Entered on FLSD Docket 11/14/2016 Page 31 of 31 Protect Rights Advance Interests Maximize Opportunities

Ali Herischi, Esq. (MD Bar)

7201 Wisconsin Ave, suite 450 Bethesda, MD 20814 www.ibhlaw.com info@ibhlaw.com Tel: 301-363-4540 Fax:301-363-4538

Bank information for Herischi & Associates LLC

Account name: Herischi & Associates LLC ACC #: 7991 Routing: 052001633 SWIFT: BOFAUS3N Wire transfer: 026009593

Bank Information

Bank of America 7316 Wisconsin Avenue, Bethesda, MD 20814 (301) 951-8280

***Please notify the firm of any payments that you have made, so we can accurately follow up with the bank.

Palm House Hotel, LLLP

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Palm House Hotel, LLLP

Private Placement Memorandum



NOTE TO PROSPECTIVE SUBSCRIBERS

By accepting this document you agree to maintain in confidence the information set forth in this document, together with any other non-public information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that you do not elect to participate in the offering.

Palm House Hotel, LLLP

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Private Placement Memorandum

This document serves as a record of my receipt of the Private Placement Memorandum dated 12/02/2012, for Palm House Hotel, LLLP, a Florida Limited Liability Limited Partnership (the "Partnership"). I received a copy of the Private Placement Memorandum, containing an investment summary, business summary, accredited investor questionnaire and subscription agreement.

I understand that this offering has not been registered with the Florida division of securities, the U.S. Securities and Exchange Commission ("SEC") or any other foreign securities agency and is not required to be so registered.

I agree to maintain in confidence the information set forth in this document, together with any other nonpublic information regarding the Partnership, obtained from the Partnership or its agents, during the course of the proposed offering and to return this document to the Partnership in the event that I do not elect to participate in the offering.

Investor Name

Investor Signature

Date
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Private Placement Memorandum Summary

FOR PALM HOUSE HOTEL, LLLP

\$39,500,000.00

Securities Offered:	79 Limited Partnership Units
Unit Price:	\$500,000.00
Offering:	\$39,500,000.00
Administrative Fee:	\$40,000.00

The Partnership is offering (the "Offering") to sell limited partner units in the Partnership ("Units") to Investors for \$39,500,000. The Minimum Investment is \$500,000. The administrative fee is \$40,000.

Neither the Florida division of securities or the U.S. Securities and Exchange Commission, nor any other regulatory body, whether U.S. or foreign, has approved or disapproved these Units or passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

This Memorandum does not constitute an offer or solicitation of Units in any jurisdiction in which such offer or solicitation is not authorized. No action has been taken to permit the distribution of this Memorandum in any jurisdiction other than countries determined by the General Partner. Accordingly, this Memorandum may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

Neither the delivery of this Memorandum nor the placing, allotment, or issue, of any Units shall under any circumstances create any implication or constitute any representation that the information given in this Information Memorandum is correct as of any time subsequent to the date hereof. This Memorandum provides a summary of information relevant to investing in the Partnership.

THESE ARE SPECULATIVE UNITS WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE UNITS.

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ATTACHMENTS

Business Plan Economic Analysis Limited Partnership Agreement Loan Documents Investor Questionnaire and Subscription Agreement Escrow Agreement Operations & Marketing Plan

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Palm House Hotel, LLLP

Limited Partner Units ("Units")

THIS PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") IS PROVIDED ON A CONFIDENTIAL BASIS SOLELY FOR THE INFORMATION OF THE RECIPIENT NAMED ABOVE SO THAT SUCH RECIPIENT MAY CONSIDER AN INVESTMENT IN THE UNITS OF THE PARTNERSHIP. IT IS NOT INTENDED FOR USE BY ANY OTHER PERSON.

THIS MEMORANDUM MAY NOT BE REPRODUCED OR PROVIDED TO OTHERS WITHOUT THE PRIOR WRITTEN PERMISSION OF THE GENERAL PARTNER OF THE PARTNERSHIP. BY ACCEPTING DELIVERY OF THIS MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO KEEP CONFIDENTIAL ALL OF THE INFORMATION CONTAINED IN THIS MEMORANDUM THAT IS NOT ALREADY IN THE PUBLIC DOMAIN AND TO USE THIS MEMORANDUM SOLELY FOR PURPOSES OF EVALUATING A POSSIBLE INVESTMENT IN THE PARTNERSHIP. NO PROSPECTIVE INVESTOR MAY DISCUSS THE CONTENTS OF THE MEMORANDUM WITH ANY PERSON OTHER THAN ITS PROFESSIONAL ADVISERS.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN EVALUATING THE PARTNERSHIP. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE. EACH INVESTOR SHOULD MAKE ITS OWN INQUIRIES AND CONSULT ITS OWN ADVISERS AS TO THE PARTNERSHIP AND THIS OFFERING AND AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THIS INVESTMENT. THE PARTNERSHIP, THE GENERAL PARTNER OR ANY OF THEIR RESPECTIVE AFFILIATES IS NOT MAKING ANY REPRESENTATION OR WARRANTY REGARDING THE LEGALITY OF AN INVESTMENT IN THE UNITS BY ANY INVESTOR OR ABOUT THE INCOME OR OTHER TAX CONSEQUENCES OF SUCH AN INVESTMENT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ENTITY CREATING THE UNITS OFFERED AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS OF AN INVESTMENT IN THE UNITS. THE UNITS OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY JURISDICTION IN ANY COUNTRY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR SECURITIES AUTHORITY IN OTHER JURISDICTION AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH LAWS. THE UNITS OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT, PURSUANT TO REGISTRATION THEREUNDER OR EXEMPTION THEREFROM, AND AS PERMITTED UNDER OTHER APPLICABLE SECURITIES LAWS. THE TRANSFERABILITY OF UNITS IS FURTHER RESTRICTED UNDER THE PARTNERSHIP'S PARTNERSHIP AGREEMENT (AS MAY BE AMENDED, MODIFIED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME, THE "PARTNERSHIP AGREEMENT").

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ADDITIONAL CONSIDERATIONS

AN INVESTOR GENERALLY WILL NOT BE PERMITTED TO RESIGN OR OTHERWISE WITHDRAW, IN WHOLE OR IN PART, FROM THE PARTNERSHIP. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE UNITS FOR AN EXTENDED PERIOD OF TIME.

INVESTMENT IN THE UNITS WILL INVOLVE RISKS DUE TO, AMONG OTHER THINGS, THE NATURE OF THE PARTNERSHIP'S INVESTMENTS AND BUSINESS ACTIVITIES. INVESTORS SHOULD HAVE THE FINANCIAL ABILITY, SOPHISTICATION AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY, WHICH ARE CHARACTERISTICS OF THE INVESTMENT DESCRIBED IN THIS MEMORANDUM.

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM HAS BEEN OBTAINED BY THE GENERAL PARTNER FROM SOURCES DEEMED RELIABLE BY THE GENERAL PARTNER. HOWEVER, THE GENERAL PARTNER CANNOT GUARANTEE THE ACCURACY OF SUCH INFORMATION AND HAS NOT INDEPENDENTLY VERIFIED SUCH INFORMATION.

SUCH INFORMATION NECESSARILY INCORPORATES SIGNIFICANT ASSUMPTIONS AND ESTIMATES AS WELL AS FACTUAL MATTERS. THE GENERAL PARTNER WILL PROVIDE TO EACH PROSPECTIVE INVESTOR, OR SUCH PROSPECTIVE INVESTOR'S AGENT, DURING THIS OFFERING AND PRIOR TO THE SALE OF ANY UNITS OFFERED HEREBY TO SUCH PROSPECTIVE INVESTOR, THE OPPORTUNITY TO ASK QUESTIONS OF THE GENERAL PARTNER CONCERNING ANY ASPECT OF THE INVESTMENT AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE GENERAL PARTNER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

CERTAIN STATEMENTS MADE THROUGHOUT THIS DOCUMENT THAT ARE NOT HISTORICAL FACTS MAY CONTAIN FORWARD-LOOKING STATEMENTS REGARDING THE PARTNERSHIP'S FUTURE PLANS, OBJECTIVES AND EXPECTED PERFORMANCE. SUCH FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS THAT USE FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY", "WILL", "SHOULD", "EXPECT", "ANTICIPATE", "PROJECT", "ESTIMATE", "INTEND", "CONTINUE", OR "BELIEVE", OR THE NEGATIVES THEREOF, OR OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY.

FORWARD-LOOKING STATEMENTS ARE BASED ON ASSUMPTIONS THAT THE GENERAL PARTNER BELIEVES ARE REASONABLE, BUT ARE SUBJECT TO A WIDE RANGE OF RISKS AND UNCERTAINTIES. ACTUAL RESULTS MAY DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

INFORMATION RESPECTING PRIOR PERFORMANCE OF OTHER INVESTMENTS IS NOT NECESSARILY INDICATIVE OF ACTUAL RESULTS TO BE OBTAINED BY THE PARTNERSHIP. NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED ON AS, A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE PARTNERSHIP.

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CONSIDERATION CONCLUSION

THIS MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE SUBSCRIPTION AGREEMENT RELATED THERETO, THE PARTNERSHIP AGREEMENT AND ALL OTHER RELEVANT AGREEMENTS (IF ANY) PERTAINING TO AN INVESTMENT IN, OR THE OPERATION OF, THE PARTNERSHIP, IN EACH CASE AS MAY BE AMENDED, MODIFIED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME. COPIES OF SUCH DOCUMENTS WILL BE MADE AVAILABLE UPON REQUEST AND SHOULD BE REVIEWED PRIOR TO PURCHASING ANY UNIT. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OTHER THAN AS CONTAINED IN THIS MEMORANDUM. NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF 12/02/2012, UNLESS STATED OTHERWISE. NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY OTHER TIME SUBSEQUENT TO SUCH DATE. THE GENERAL PARTNER AND ITS AFFILIATES RESERVE THE RIGHT TO MODIFY ANY OF THE TERMS OF THE OFFERING AND THE UNITS DESCRIBED HEREIN.

THE UNITS ARE OFFERED SUBJECT TO THE RIGHT OF THE GENERAL PARTNER TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART. IF THE GENERAL PARTNER REJECTS A SUBSCRIPTION, THE PROSPECTIVE INVESTOR WILL BE NOTIFIED AS SOON AS PRACTICAL.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY COUNTRY, STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS UNLAWFUL.

ALL "\$" AND "DOLLAR" REFERENCES IN THIS MEMORANDUM ARE TO U.S. DOLLARS.

* * * * *

FOR MORE INFORMATION PLEASE CONTACT THE PARTNERSHIP.

* * * * *

Please direct all inquiries regarding the Partnership to:

Palm House Hotel, LLLP

197 S. Federal Highway, Suite 200 Boca Raton, FL 33432 Telephone: (561) 282-6102

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Jurisdictional Notes

Prospective Investors are not to construe the contents of this document or any prior subsequent communications from the Offeror as legal or tax advice. Each Investor must rely on his own representative for legal, income tax and related matters concerning this investment.

This document is Confidential and contains proprietary information. It is intended for the exclusive use of the recipient.

PROJECTIONS MAY BE CONTAINED IN THIS MEMORANDUM AND ANY OTHER PROJECTIONS THAT DO NOT CONFORM TO THOSE IN THIS OFFERING DOCUMENT SHOULD BE DISREGARDED.

EVERY INVESTOR SHOULD BE AWARE THAT THE PARTNERSHIP HAS NO OBLIGATION, NOR DOES IT INTEND TO REPURCHASE THE UNITS FROM INVESTORS IN THE EVENT THAT, FOR ANY REASON, AN INVESTOR WISHES TO TERMINATE THE INVESTMENT.

FOREIGN (NON-USA) JURISDICTION

THESE UNITS HAVE NOT BEEN REGISTERED, FILED WITH, OR OTHERWISE APPROVED BY ANY FOREIGN (NON-USA) REGULATORY AGENCY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

A non-US person or entity considering an investment in the Partnership should consult his/her or its own tax advisors with respect to the specific tax consequences to such person of such an investment under United States federal, state and local income tax laws, and with respect to the treatment of income and gain from such investment under the tax laws of any foreign jurisdiction in which such person or entity is subject to tax.

THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT SET FORTH COMPLETE INFORMATION RELATING TO THE TAX EFFECTS OF AN INVESTMENT IN THE PARTNERSHIP. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL, ACCOUNTANTS OR OTHER ADVISORS AS TO THE US FEDERAL (AS WELL AS STATE AND LOCAL) TAX CONSEQUENCES OF ITS INVESTMENT IN THE PARTNERSHIP, WHICH MAY DIFFER SUBSTANTIALLY FOR DIFFERENT TYPES OF TAXPAYERS (INDIVIDUALS, CORPORATIONS, ETC.) IN PARTICULAR, INVESTMENT IN THE PARTNERSHIP BY ENTITIES SUBJECT TO ERISA AND BY OTHER TAX-EXEMPT ENTITIES REQUIRES SPECIAL CONSIDERATION. TRUSTEES OR ADMINISTRATORS OF SUCH ENTITIES ARE URGED TO CAREFULLY REVIEW THE MATTERS DISCUSSED IN THIS MEMORANDUM.

NOTICE TO RESIDENTS OF ALL STATES

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE ACT OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND APPLICABLE STATE LAWS. THE UNITS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE UNITS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Memorandum includes "forward-looking statements" within the meaning of Section 27A of the Act and Section 21E of the Securities Exchange Act of 1934 which represent our expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with our ability to obtain financing for our current and future operations. All statements other than statements of historical facts included in the Memorandum including, without limitation, the statements under "Business" and elsewhere herein, including the Documents incorporated by reference, are forward-looking statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations ("Cautionary Statements") are disclosed in the Memorandum, including without limitation, in connection with the forward-looking statements included in the Memorandum. All subsequent written and oral forward-looking statements attributable to us or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements.

THE FORWARD LOOKING STATEMENTS INCLUDED HEREIN ARE ALSO BASED ON CERTAIN CURRENT BUDGETING CONSIDERATIONS AND OTHER ASSUMPTIONS RELATING TO THE PARTNERSHIP'S ABILITY TO OBTAIN RETURNS FOR ITS INVESTORS, SUCCESSFULLY MARKET ITS SERVICES, PROCURE SUFFICIENT CAPITAL TO EXPAND OPERATIONS AND MAINTAIN STRICT REGULATORY PROCEDURES WHILE CONDUCTING BUSINESS. ASSUMPTIONS RELATING TO THE PROCEEDING AND FOREGOING INFORMATION INVOLVE JUDGMENTS THAT ARE DIFFICULT TO PREDICT ACCURATELY AND ARE SUBJECT TO NUMEROUS FACTORS WHICH MAY MATERIALLY AFFECT THE PARTNERSHIP'S RESULTS.

BUDGETING, INVESTMENT AND OTHER MANAGERIAL DECISIONS ARE SUBJECTIVE AND ARE THUS SUSCEPTIBLE TO INTERPRETATIONS AND PERIODIC REVISIONS BASED ON ACTUAL EXPERIENCE AND BUSINESS DEVELOPMENTS, THE IMPACT OF WHICH MAY CAUSE THE PARTNERSHIP TO ALTER BUDGETS AND AMEND STRATEGIES, ANY OR ALL OF WHICH MAY MATERIALLY AFFECT THE PARTNERSHIP'S RESULTS.

THE FOREGOING CONSIDERATIONS, AS WELL AS A VARIETY OF OTHER FACTORS NOT SET FORTH HEREIN, COULD CAUSE THE PARTNERSHIP'S ACTUAL RESULTS AND EXPERIENCE TO DIFFER WIDELY OR MATERIALLY FROM THE ANTICIPATED RESULTS OR OTHER EXPECTATIONS IN THE PARTNERSHIP'S FORWARD LOOKING STATEMENTS.

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Statement to EB5 Investors

- The Project will be located in Florida, within one or more Targeted Employment Areas (TEAs). Therefore, pursuant to EB-5 guidelines, EB-5 Investors must invest a minimum amount of \$500,000.00.
- 2) The management and staffing projections for the Project show that the Project will create sufficient new direct and indirect jobs to support the number of investors sought. Please refer to the attached business plan and economic analysis for further information.
- 3) EB-5 guidelines require the investment to be at risk. Investors should consult their own counsel and/or independent advisor for recommendations about this investment.

IF YOU LIVE OUTSIDE THE UNITED STATES, IT IS YOUR RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES CONNECTED WITH ANY PURCHASE OF UNITS, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL FORMALITIES IN RELATION TO THE PARTNERSHIP.

EB-5 VISA: CASE PROCESSING PROCEDURES

For applicants outside the United States:

- The applicant first makes a qualifying investment
- The applicant files a Form I-526 petition (and supporting documents) with USCIS.
- The U.S. Department of State's National Visa Center processes the EB-5 immigrant visa through the local U.S. consular post with jurisdiction over the place of residence.
- The applicant uses the EB-5 immigrant visa to enter the United States, which commences the two-year conditional lawful permanent resident status.
- Approximately 21 months later, the applicant must file a Form I-829 to remove the conditional status.
- The applicant must provide supporting documents to establish that they have satisfied all EB-5 qualifying conditions.
- Upon approval, a new ten-year unconditional green card is issued.

For applicants having lawful non-immigrant status within USA and staying in USA:

- The applicant first makes a qualifying investment
- The applicant files a Form I-526 petition (and supporting documents) with USCIS.
- On approval of Form I-526, the applicant files a Form I-485 (Application to Register Permanent Residence or Adjust Status).
- Upon approval of the Form I-485, the applicant is granted a conditional lawful permanent resident status, which is valid for two years.
- Approximately 21 months later, the applicant must file a Form I-829 to remove the conditional status.
- The applicant must provide supporting documents to establish that they have satisfied all EB-5 qualifying conditions.
- Upon approval, a new ten-year unconditional green card is issued.

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PATRIOT ACT RIDER

EACH POTENTIAL INVESTOR HEREBY REPRESENTS AND WARRANTS THAT IT: (I) IS NOT, NOR IS IT ACTING AS AN AGENT, REPRESENTATIVE, INTERMEDIARY OR NOMINEE FOR, A PERSON IDENTIFIED ON THE LIST OF BLOCKED PERSONS MAINTAINED BY THE OFFICE OF FOREIGN ASSETS CONTROL, U.S. DEPARTMENT OF TREASURY; AND (II) HAS COMPLIED WITH ALL APPLICABLE U.S. LAWS, REGULATIONS, DIRECTIVES, AND EXECUTIVE ORDERS RELATING TO ANTI-MONEY LAUNDERING, INCLUDING BUT NOT LIMITED TO THE FOLLOWING LAWS: (1) THE UNITING AND STRENGTHENING AMERICA BY PROVIDING APPROPRIATE TOOLS REQUIRED TO INTERCEPT AND OBSTRUCT TERRORISM ACT OF 2001, PUBLIC LAW 107-56, AND (2) EXECUTIVE ORDER 13224 (BLOCKING PROPERTY AND PROHIBITING TRANSACTIONS WITH PERSONS WHO COMMIT, THREATEN TO COMMIT, OR SUPPORT TERRORISM) OF SEPTEMBER 23, 2001.

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Summary of the Business

The Partnership offers its Investors projected returns with yearly distributions.

- 1. The General Partner of the Partnership is South Atlantic Regional Center, LLC ("General Partner"). The Managers of the General Partner have a successful history of commercial development, construction, retail, and management experience.
- 2. Timeline for acquisition of funding is anticipated for early 2013. Construction has commenced using bridge financing, and EB-5 funding is required to complete remodeling work on the facility.
- 3. The Partnership anticipates that the Project will be open for business by the end of 2014.
- Anticipated project costs will be \$91,000,000. See "Use of Proceeds."
- 5. The Project shall provide substantial benefits to the regional economy that exceeds the strict USCIS requirements for job creation that will allow a foreign Investor to qualify for an EB-5 Immigration Visa.
- 6. The Offering provides the Investors with a projected annual dividend.

SUMMARY OF PARTNERSHIP AND HOTEL PROJECT

The Hotel Project will seek to accomplish the following:

- 1. The Partnership will loan funds to the Borrower, with such funds derived from either: (i) foreign Investors through the EB-5 program; or (ii) U.S. Investors. The Borrower will develop and build the Project (please review the Business Plan Summary herein for more details).
- 2. The Project will serve the greater Florida primary market area (Palm Beach County) by seeking to create jobs and increase U.S. exports by developing a high-end resort hotel.
- 3. A more detailed description of the Project is included in the full business plan.
- 4. The Partnership, through investment in the Project, offers the foreign and U.S. investor excellent projected returns with yearly cash distributions. The Investors shall collectively own 99% of the Partnership, and the General Partner shall own 1% of the Partnership.
- 5. The Partnership is projecting a five (5) year ROI based upon: a one-quarter of one percent (0.25%) preferred non-cumulative annual dividend. These ROI calculations show an annualized rate of return of 0.25%, with an overall ROI of 1.25%. Please review the Return on Investment section in the full business plan for details of the anticipated distributions.
- 6. Projected dividends and net profits will be distributed to the Investors not less frequently than annually.
- 7. As determined by the General Partner of the Partnership, in its sole discretion, between the end of the fifth year and seventh year of the operation of the Project, the Partnership will either: (i) market the Project for sale, and the pro rata share of the profits realized from the sale (if any) will

be distributed to the Partners of the Partnership (including the Investors up to the amount of their then-current investment); or (ii) the General Partner or Partnership may repurchase the interests of each EB-5 Investor for an amount equal to the net capital invested by each EB-5 Investor, if the General Partner has sufficient funds to do so.

8. Upon sale of all of the assets of the Partnership and/or liquidation of the Partnership, the net proceeds (after normal and customary costs of sale) shall be distributed as follows: (i) the Investors shall each receive a pro rata share of the net proceeds, up to a maximum of the net sums invested by each of them in the Partnership; (ii) to the extent there are excess proceeds, such proceeds shall be distributed to the General Partner.

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THE OFFERING TERM SHEET

This summary of certain provisions of this Memorandum is intended only for convenient reference. It is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Memorandum and in the Exhibits hereto. The full text of this Memorandum, and the Exhibits, should be read in detail and understood by each potential Investor. The term "Investor" shall mean persons or entities receiving this Memorandum.

THE PARTNERSHIP:	The Partnership is a Florida Limited Liability Limited Partnership. Its principal office is located at: 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432; Telephone: (561) 282-6102. The Partnership is offering for sale Units of limited partnership interests to Accredited Investors pursuant to the EB-5 Program.
Securities:	Units of limited partnership interests in the Partnership shall be issued to Investors in this Offering, with one (1) Unit issued for each \$500,000 investment. The Offering hereunder is 79 Units.
THE GENERAL PARTNER:	South Atlantic Regional Center, LLC is the general partner of the Partnership. The initial Managers of the General Partner and summary background information regarding the Managers of the General Partner appears in the section entitled "Management Team."
	The General Partner shall provide overall management and supervision of the Partnership.
Borrower:	Palm House, LLC ("Borrower") is a Delaware limited liability company. Borrower seeks financing from the Partnership in order to operate a business involving the renovation and development of a high-end resort hotel. See "Use of Proceeds" below.
EB-5 REGIONAL CENTER SPONSORSHIP:	The Project is sponsored by South Atlantic Regional Center (SARC) (the "Regional Center"), a Florida limited liability company. The Regional Center has been approved by the U.S. Citizenship and Immigration Services ("USCIS") to serve as an approved regional center under the EB-5 Immigrant Investor Pilot Program to establish and solicit investment from foreign investors in U.S. businesses for the purposes of creating U.S. jobs.
COMPOSITION OF PARTNERSHIP:	The Partnership will be composed of: (i) the General Partner, which will own a 1% interest in the Partnership and (ii) Limited Partners, which will collectively own a 99% interest in the Partnership.

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UNITS OFFERED:	One (1) Limited Partnership Unit (i.e. 1%) will be owned by affiliates of the individuals or Persons who are the Managers of the General Partner ("Promoter Limited Partnership Units"), and 79 Limited Partnership Units (i.e. 99%) (all rounded to the nearest one percent (1%)) will be offered to Investors.
	The Partnership is offering for sale up to 79 Limited Partnership Units, for a total offering of \$39,500,000. Payment for Units of the Partnership must be paid in cash, upon subscription.
MINIMUM INVESTMENT:	\$500,000.00, for one (1) Unit.
Use of Proceeds:	The Partnership will loan ("Loan") the proceeds of this Offering to the Borrower to partially finance the acquisition, development, and operation of the Project. The Partnership will make the Loan to Borrower on the terms set forth in the Loan Documents attached hereto. See Capital Requirements and Estimated Use of Proceeds and Summary of Loan Terms below.
Terms of the Offering:	All subscription funds received from Investors will be paid to a special escrow account ("Escrow Account") maintained by a reputable bank ("Escrow Bank") under the control of the bank or another entity ("Escrow Agent") as defined in the Escrow Agreement. The Escrow Agent may invest the subscription funds in investment grade debt instruments of the United States government. All interest earned on the Escrow Account will be the property of the Partnership unless the Offering is unsuccessful, in which event each potential Investor will receive its pro rata share of the income earned, less administrative and other similar costs.
	To maintain complete security in the payment process for the investor and the partnership, subscription funds will be wired into the Escrow Bank and held in Escrow under the terms set forth in the Escrow Agreement. Separately, the \$40,000 administration fee is also wired to the Escrow Bank. The Escrow Account will be released to the Partnership at such time as (a) the Investor's I-526 application is approved by the USCIS, or (b) as defined in the Escrow Agreement. In the event that a subscription is not accepted, the subscription funds paid by such potential Investor, together with interest earned thereon, if any, shall be promptly returned to the potential Investor.
TERM PERIOD:	The term of the existence of the Partnership will be as set forth in the Partnership Agreement.
DISTRIBUTIONS / DIVIDENDS:	The General Partner will determine, in its sole discretion, the amount, timing (not less than annually) and form of distributions by the Partnership, if any. The Partnership may not make any distributions: (1) In

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violation of the Partnership Agreement; (2) If after the
distribution: (a) It would not be able to pay its debts as they
become due in the ordinary course of it's activities; or (b)
Its total assets would be less than the sum of its total
liabilities plus the amount that would be needed, if it was
dissolved, wound up and terminated at the time of the
distribution to satisfy the preferential rights upon
dissolution, winding up and termination of partners whose
preferential rights are superior to those of persons
receiving the distribution.

The Partnership may base a determination that a distribution is not prohibited under subsection (2) on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

Distributions of funds from operations of the Partnership shall be made in the following order of priority:

1. To the EB-5 Investors until the annual distributions to those Investors equals one-quarter of one percent (0.25%) of the capital invested by each EB-5 Investor ("EB-5 Preferred Return").

2. The balance to the General Partner.

It is the intention of the Partnership to refinance the project after the fifth year of operations. In such event, the Partnership and/or the General Partner or their designees may repurchase the interests of each EB-5 Investor for an amount equal to the net capital invested by each EB-5 Investor, if they have sufficient funds to do so.

The rules and regulations governing the EB-5 Pilot Program prohibit the return of an EB-5 Investor's investment prior to the approval of the Investor's I-829 petition. See "EB-5 Immigration Disclosures and Risk Factors" and "Risk Factors."

RESTRICTIONS ON RESALE: The Investor(s) who purchase any Units pursuant to this Offering will be restricted from selling, transferring, pledging or otherwise disposing of any Units due to restrictions under securities laws and the Partnership Agreement.

Each Investor must execute and deliver the Subscription Agreement attached hereto.

The Units of the Partnership are being offered pursuant to this Memorandum solely to persons who are "accredited investors" as defined in Regulation D promulgated under the Act. See the Accredited Investor Suitability Questionnaire attached hereto.

12/02/2012

How to Invest:

WHO MAY INVEST:

Palm House Hotel, LLLP	45 Strictly Confidentia
Investor Suitability:	This Offering will be made pursuant to exemptions from registration provided by Section 4(2) of the Act, Regulation D promulgated thereunder, and exemptions available under applicable state securities laws and regulations Persons desiring to invest in the Partnership will be required to make certain representations and warranties regarding their financial condition in the Subscription Agreement attached hereto. Such representations include but are not limited to, certification that the Investor is an accredited Investor under SEC regulations. The Partnership reserves the right to reject any Subscription ir whole, or in part, in its sole discretion. See "Suitability Standards."
	THE SUBSCRIPTION AGREEMENT INCLUDES CERTAIN REPRESENTATIONS AND WARRANTIES OF THE INVESTOR ON WHICH THE PARTNERSHIP WILL RELY IN DETERMINING WHETHER TO ACCEPT THE SUBSCRIPTION. PROSPECTIVE INVESTORS ARE URGED TO READ THE SUBSCRIPTION AGREEMENT CAREFULLY AND, TO THE EXTENT THEY DEEM APPROPRIATE, TO DISCUSS THE SUBSCRIPTION AGREEMENT, THIS MEMORANDUM AND THEIR PROPOSED INVESTMENT IN THE UNITS WITH THEIR LEGAL OR OTHER ADVISORS.
Administrative Fees:	EB-5 participants will be required to pay a \$40,000 administrative fee. Any other administrative or other fees paid to any party in connection with the sale of Units pursuant to this Offering shall not be paid out of the proceeds of Capital Contributions of EB-5 participants This administrative fee is in addition to any fees paid by Investors for the preparation of USCIS applications, forms or paperwork.
RISK FACTORS:	The Units offered hereby involve a high degree of risk. See "Risk Factors" set forth in the Memorandum.
Tax Risks:	Investment in the Partnership involves substantial tax risks. Although the primary motive of Investors should be for current income and/or long-term appreciation, state and federal legislatures and tax authorities may alter and change the permissible deductions that may be taken with respect to the Project and its income, and may change the tax rates to less favorable rates. In addition, the state and federal tax authorities may be more likely to audi taxpayers with higher incomes or partnership income of loss. Since Investors generally fall into this category, the Partnership also has an increased risk of being audited Such an examination could result in adjustments to items that are related to the Partnership. Investors and/or the Partnership may incur legal or other professional expenses in connection with such audit or the adjustments resulting from such audit. The Partnership has not obtained a lega opinion or ruling from any tax authority regarding any tax aspects of the Project, the Partnership or its business. The

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	tax risks include, without limitation, the following: (i) Changes in federal income tax laws; (ii) Partnership status; (iii) Taxable income in excess of distributions; (iv) Allocation of tax items among Limited Partners; (v) Allocation of purchase price; (vi) Partnership termination; (vii) At risk limitations; (viii) Risk of audit; (ix) Profit objective; and (x) Limitations on passive losses. This tax discussion is not tax advice to Investors. Each Investor is advised to consult with his or her own tax advisor regarding the tax consequences of investing in the Partnership. See "Risk Factors" below.
Residency Risks:	Neither the Partnership nor the General Partner guarantees that any EB-5 participant will be granted conditional or permanent residency in the United States as a result of their purchase of Units of the Partnership. Each Investor must evaluate and accept the risk that he/she may not be granted residency in the United States after making their capital contribution and being admitted as a Limited Partner of the Partnership.
SUBSCRIPTIONS:	Investors who wish to subscribe for the Units may do so by executing the Subscription Agreement attached hereto and delivering the completed materials and payment for the Units to the Partnership. A subscription may not be considered for acceptance unless it is completely filled our and properly executed and is accompanied by payment in full for the Units which are being purchased Subscriptions accompanied by payment in the form of a personal check, if accepted, will be so accepted conditioned upon and subject to clearance of the check and the Units will not be delivered until the check clears. Funds accompanying any subscription no accepted by the Partnership will be promptly returned to the Investor without interest thereon or deduction therefrom.
Availability of Funds:	All proceeds from the sale of Units once the escrow conditions have been satisfied will be delivered directly to the Partnership and be available for use by the Partnership for Partnership purposes, at its discretion.
RESALE OF UNITS:	There is no market for the Units. It is not anticipated or intended that one will develop. This is a non-liquid investment. (See "Risk Factors" — there is no market for the Partnership's Units.) Further, there are substantial restrictions on private and/or public resale.
REPORTS TO LIMITED PARTNER:	The Partnership will furnish financial statements to Limited Partners annually.

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Investor Suitability Standards

INVESTMENT IN THE UNITS OF Palm House Hotel, LLLP INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR THOSE INVESTORS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES IN RELATION TO THEIR INVESTMENT AND WHO UNDERSTAND THE PARTICULAR RISK FACTORS OF THIS INVESTMENT. IN ADDITION, INVESTMENT IN THE UNITS IS SUITABLE ONLY FOR AN INVESTOR WHO DOES NOT NEED LIQUIDITY IN THE INVESTMENT AND IS WILLING TO ACCEPT RESTRICTIONS ON THE TRANSFER OF THE UNITS.

No Registration or Secondary Market

The Units have not been registered under the Act but are being offered and sold in reliance upon exemptions from registration contained in Sections 4(2) and 4(6) of the Act as interpreted by the Securities and Exchange Commission (the "Commission") and in Rule 506 of Regulation D promulgated thereunder ("Regulation D"). See "STATUS OF UNITS UNDER SECURITIES LAWS; RESTRICTED UNITS".

There will be no secondary market for the Units subsequent to this Offering. See "RISK FACTORS". For the foregoing and other reasons, a purchase of Units is suitable only for Investors of substantial net worth who (I) are willing to purchase a high risk investment, (ii) can afford to hold their Units for an indefinite period and do not anticipate that they will be required to sell their Units in the foreseeable future, and (iii) have sufficient net worth to sustain a total loss of their investment in the Partnership in the event that such loss should occur.

Investor Suitability

Subject to the right of the Partnership to sell Units to Accredited Investors, Units will be sold only to those Investors who submit an Offeree Questionnaire in the form attached hereto establishing to the satisfaction of the Partnership that:

- 1. The Investor is an "Accredited Investor," as defined as follows:
 - (i) a natural person who, either individually or jointly with his/or her spouse, has a minimum net worth of \$1,000,000 (net worth shall be determined exclusive of primary residence), or who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.
 - (ii) any other Accredited Investor, as defined by Regulation D or the SEC.

2. The Accredited Investor has such knowledge and experience in financial and business matters that he/she/it is able to evaluate the merits and risks of an investment in the Units.

3. The Accredited Investor has the financial ability to bear the economic risk of an investment in the Units, adequate means of providing for his current needs and personal contingencies, and no need for liquidity in an investment in the Units.

4. The Accredited Investor is acquiring the Units for his own account for investment and not with a view to resale or distribution.

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Palm House Hotel, LLLP	-	Strictly Confidential

Investor Suitability (Regulation S)

The Company's Units will also only be offered to those investors who are not a "U.S. person" as defined by Rule 902(k) under Regulation S, which include:

- (i) Any natural person resident in the United States;
- (ii) Any partnership or corporation organized or incorporated under the laws of the United States;
- (iii) Any estate of which any executor or administrator is a U.S. person;
- (iv) Any trust of which any trustee is a U.S. person;
- (v) Any agency or branch of a foreign entity located in the United States;
- (vi) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

(viii) Any partnership or corporation if:

- (A) Organized or incorporated under the laws of any foreign jurisdiction; and
- (B) Formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts.

Please study the terms of the Subscription Agreement, this Memorandum and all related documents carefully before you decide to subscribe for Units.

The Partnership will review all subscription documents and will not accept subscriptions from any person or entity who does not represent that he/it complies with the applicable standards specified above.

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PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY OTHER COMMUNICATIONS FROM THE PARTNERSHIP OR ANY OF ITS MANAGERS, EMPLOYEES, ACCOUNTANTS OR LEGAL COUNSEL AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL AND ACCOUNTANT AS TO LEGAL AND TAX MATTERS AND RELATED MATTERS CONCERNING HIS OR HER INVESTMENT.

The Partnership reserves the right to reject the subscription of any prospective Investor at any time prior to acceptance and to refund, without interest thereon and without any deduction there from, any funds paid to the Partnership by such prospective Investor.

STATUS OF UNITS UNDER SECURITIES LAWS; RESTRICTED UNITS

Investors will have no right to require registration of the Units comprising their Units under the 1933 Act or any state securities laws, and such registration is neither contemplated nor likely. In addition, the Partnership will not make public such information as would permit an Investor to transfer his or her Units pursuant to the provisions of Rule 144 promulgated under the 1933 Act.

The Units are "restricted" as that term is defined in Rule 144 under the Act and, as a result, are subject to substantial restrictions upon transfer or resale. The Units may, absent registration, in the future be sold only in compliance with Rule 144 or other exemption from registration under the Act, the availability of which must be established to the satisfaction of the Partnership, unless the Units are covered by an effective registration statement under the Act.

Prospective Investors will be required to represent to the Partnership that they understand that:

- a) The Units have not been registered under the Act or under the securities laws of any state. They will not be able to sell or transfer any of the Units unless they are registered or sold pursuant to an exemption from registration under the Act and under applicable state securities laws, the availability of which exemptions may never occur and, if they do, are to be established to the satisfaction of the Partnership;
- b) Neither the Partnership nor any affiliate has made any representation concerning future registration of the Units, except for compliance with an exemption from registration;
- c) Since the Units cannot be readily sold, Investors must be prepared to bear the economic risk of the investment indefinitely;

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Use of Proceeds

The net proceeds to be received by the Partnership from the sale of the Units offered hereby, after deducting the anticipated expenses of the Offering, are estimated to be \$39,500,000.00, assuming the maximum sale of the Units offered hereby, of which there can be no assurance.

The amounts actually expended for each purpose may vary significantly depending upon a number of factors. The Partnership reserves the right to reallocate the proceeds of this Offering in response to a variety of factors and related contingencies.

ESTIMATED USE OF NET PROCEEDS

Although the Partnership has broad discretion to adjust the application and allocation of the net proceeds of this Offering in order to address changed circumstances and opportunities, the Partnership intends to loan the proceeds of this Offering to Borrower for the uses described in this Offering Memorandum.

In order to achieve its objectives as described herein, the Borrower seeks financing to operate a business involving the renovation and development of a high-end resort hotel.

As further described in the Summary of Loan Terms below, Borrower is required to create 10 new fulltime direct, indirect, and induced jobs for each \$500,000 advanced under the Loan within two and one half years of the First Advance.

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Return on Investment

The Partnership has prepared the following projections based upon projected revenue and the return on investment which may be paid to an EB-5 Investor ("ROI").

For illustration purposes, the following table shows the ROI for an EB-5 Investor based upon a \$500.000.00 investment.

The ROI projections concerning the estimated operating results of the Partnership have been prepared by the management of the General Partner. These projections are based on certain assumptions which may, or may not, prove to be inaccurate and which are subject to future conditions that may be beyond the control of the Partnership, such as the general industry and market conditions. The Partnership may experience unanticipated costs or lower revenues than forecast. There is no assurance that the results which are illustrated in the ROI projections will, in fact, be realized by the Partnership.

ASSUMPTIONS	
Total Initial Investment	\$500,000.00
Annual Preferred Dividend to EB-5 Investor	0.25%
Equity of EB-5 Investor	1.25%

The Partnership is projecting a five (5) year ROI based upon: (i) a one-quarter of one percent (0.25%) preferred dividend for the first five years; (ii) annual distributions of cash flow from operations; and (iii) the distribution to be paid to the EB-5 Investor upon the refinancing of the Project at the end of the fifth (5th) year of operations of the Project.

The projected ROI of an EB-5 Investor is as follows:

- (i) 0.25% annual return. Each Investor will be entitled to receive a 0.25%, non-cumulative, annual preferred distribution based on their initial investment of \$500,000.00. The preferred return shall be paid prior to calculating and making any additional distributions and/or dividends to the other Investors and/or Partners. The annual preferred dividend to be paid to all of the Investors (based upon a total investment of \$39,500,000.00) is \$21,250 per year or \$1,250 per Investor per year. The non-cumulative preferred return will begin to accrue on the first day that the Project is open for business to the public and will be paid annually until the assets of the Partnership are sold. The total projected preferred return for an EB-5 Investor making a \$500,000.00 investment is \$6,250.
- (ii) Bonus Distribution. Each Investor shall have the opportunity to participate in the profitability of the commercial enterprise funded by this Offering. Should Palm House, LLC (the "Borrower") achieve certain performance goals, Investors shall receive bonus distributions. Specifically, (a) if the Project is commercially successful enough that Palm House, LLC is able to sell the Project for \$110,000,000 or more before repayment of Investor contributions, then Investors shall be entitled to an additional bonus distribution totaling 5% of the amount invested, or (b) if the Project is commercially successful enough that Palm House, LLC is able to sell the Project for \$130,000,000 or more before repayment of Investor contributions, then Investors shall be entitled to an additional bonus distribution totaling 10% of the amount invested.

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- (iii) Bonus Benefits. In addition to the distributions discussed herein, Investors shall additionally be entitled to certain benefits related to the Project. Once the hotel is operational, and subject to availability, Investors will be entitled to receive a complimentary one week hotel stay each year during the term of the investment. This hotel stay benefit accrues only to each Investor, and is not transferrable. As an additional bonus benefit, once the hotel's membership club is operational, Investors shall be entitled to join that membership club, and shall receive a discount of 50% off the normal price of membership. This benefit is subject to the terms of the Membership Club Rules. Exercise of these bonus benefits is at each Investor's option.
- (iv) **Annual Distribution**. After the payment of the annual preferred return to the EB-5 Investors, the net cash flow from operations will be distributed to the General Partner.
- (v) **Distribution upon Sale or Liquidation.** It is contemplated that the Project will be refinanced after the fifth year of operations, and Units repurchased from Limited Partners at that time.

Upon sale of all of the assets of the Partnership and/or liquidation of the Partnership, the net proceeds (after normal and customary costs of sale) shall be distributed as follows: (i) the Investors shall each receive a pro rata share of the net proceeds, up to a maximum of the net sums invested by each of them in the Partnership; (ii) to the extent there are excess proceeds, such proceeds shall be distributed to the General Partner.

The General Partner shall own 1% of the Partnership. The Investors shall collectively own 99% of the Partnership (rounded to the nearest one percent).

The following total ROI is based on an EB-5 investment of \$500,000.00 and is in addition to the potential return of the \$500,000.00 initial investment.

Individual ROI		
0.25% preferred non-cumulative annual dividend	\$6,250	
Annual Additional Distributions	-	
Property Sale	-	
TOTAL ROI	\$6,250	

The total ROI is based on a 0.25% preferred non-cumulative annual dividend. These ROI calculations show an annualized rate of return of 0.25%, with an overall ROI of 1.25%.

ROI DISCLOSURES

Profits of the Borrower, if any, will be used first to pay operating expenses and service debts and obligations of the Borrower. Any remaining profits will be used to establish reserves required by law, in addition to those deemed necessary by the General Partner in its sole discretion, for maintenance, capital improvements, and structural repairs to the Project. Any remaining profits may be available for distribution to Partners in accordance with the LP Agreement (attached).

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Palm House Hotel, LLLP		Strictly Confidential

Proceeds of this Offering do not include Administrative Fees. Offering Expenses, commissions, and fees incurred in connection with this Offering shall be paid from the proceeds of Administrative Fees and not from EB-5 Capital Contributions.

The General Partner determines in its sole discretion the amount, if any, timing and form of any distribution of profits by the Partnership.

The Partnership shall not make a distribution (i) if after such distribution liabilities of the Partnership, other than liabilities to Partners on account of their Partnership Interests (as defined in the LP Agreement), exceed the fair value of the assets of the Partnership, (ii) to EB-5 Limited Partners, other than distributions from Available Cash Flow, prior to the fifth anniversary date of the EB-5 Limited Partner's admission as a Partner of the Partnership. After the fifth anniversary date of the EB-5 Limited Partner's admission as a Partner, the foregoing restriction shall no longer apply, to the extent such distribution is prohibited under the Act. See Summary of Limited Partnership Agreement below.

The rules and regulations governing the Pilot Program prohibit the return of an EB-5 investor's investment prior to the approval of the Investor's I-829 application. Accordingly, it is possible that neither Preferred Returns nor return of capital will be made to any EB-5 Limited Partner of the Partnership prior to the end of the fifth year after the closing of this Offering or his/her investment, whichever is later. See EB-5 Immigration Disclosures and Risk Factors above.

An EB-5 Limited Partner's interest in the Partnership shall automatically terminate without further action upon repayment of his/her Capital Contribution and all accrued Preferred Returns. See LP Agreement.

Refinance, Repayment and Extension of the Loan. The terms of the Loan require the Borrower to use commercially reasonable efforts to refinance and repay the Loan after the end of the fifth year from the First Advance (as defined in the Loan Documents) thereunder. If Borrower is unable to refinance the Loan, it may extend the term of the Loan for one or more additional five year terms during which it shall continue to make principal and interest payments to the Partnership on the balance of the Loan. See Summary of Loan Terms below.

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Management of the Partnership

SARC MANAGEMENT

PRINCIPAL

Joseph J. Walsh

South Atlantic Regional Center, LLC, Managing Member

Joseph J. Walsh was born and raised in Chicago. Mr. Walsh has managed and owned both public and private corporations in the US. Canada and the UK. Mr. Walsh started his career in Marketing and Advertising, though he was formally educated as an Electrical Engineer. He founded and served as President and CEO of several startup computer and graphics firms that he brought to the public markets in the late 1990s and early 2000s. He subsequently managed several successful mergers of public companies and has extensive experience in merger and acquisition strategy and law. His experience extends not only in the technical realm but to the intricacies of U.S. Securities and Exchange laws. Mr. Walsh brings a wealth of knowledge and expertise to South Atlantic Regional Center with over thirty years of experience in marketing, development and process engineering.

PALM HOUSE, LLC MANAGEMENT

Robert V. Matthews

Robert V. Matthews is the chairman of Matthews Ventures Holdings, LLC.

MVH is a diversified holding company with interests in real estate, hotels, software, manufacturing and construction. The companies also provide funding for start up businesses, as well as the acquisition of existing businesses in various market segments. Founded in 1982, the MVH companies are comprised of seasoned professionals with extensive experience in banking, hospitality, and construction.

Over the past several years, like many U.S. Developers, Matthews' companies were battered by the financial collapse. The group has weathered the storm and returned with an organization that is much more agile and refined. The exposure has produced an organization that is well educated in navigating the distressed asset financial process and this knowledge has allowed us access to a substantial number of undervalued assets.

Matthews Ventures Holdings, based in Palm Beach, is currently working on over \$600 Million worth of product under development ranging from condos to hotels both here in Florida as well as throughout the United States. In keeping with the goal of the company to develop one of kind properties in luxury destinations, all of the MVH products will be five star facilities upon completion. MVH is the principal of both HIG Acquisitions LLC, a private equity fund that is acquiring strategic international 5 star hospitality assets for re-positioning and Matthews Hospitality Group, a consortium of luxury properties under development.

As a venture capitalist Matthews was named Entrepreneur of the Year in 1993. He has controlled numerous companies over the past twenty five years including FMP, Echelon Engineering and Construction, Bentley Churchill, and Stromberg Software. He also holds minority shares in several other companies.

Ryan Black

Ryan Black began his career with Kriti Management, the U.S. office of the Vardinoyannis family, one of Europe's wealthiest families and the largest industrial group in Eastern Europe. As Executive Vice President of Kriti Management, he over saw the allocation and investment of over 200M in capital across multiple asset classes in the U.S. and South America.

In 2009, Mr. Black left Kriti to serve as the Chief Operating Officer of Jumeirah South America and to advise the Cabot family on their investments in Argentina and Brazil. He spent a year working for the group prior to their withdrawal from the South American market.

In 2010 R. Black Global was formed to serve as an investment vehicle sourcing attractive investment opportunities for a variety of international high net worth families, funds, and corporations.

In 2012 alone, R. Black Global, on behalf of clients, has closed 3 transactions totaling 83 million dollars worth of investment. Transactions this year to date include:

- A 500,000 square foot development parcel in New York, NY
- A portfolio of 385 improved lots in Reno, NV
- A portfolio of 24 condos in Irvine, CA

In addition to the above closed transactions, R. Black Global, through controlled entities, has in excess of 25 million in hospitality assets under contract and has a stalking horse offer in excess of 30 million, in backup position, on a large residential development opportunity outside of San Francisco, CA.

R. Black Global acts as an investment sourcing entity and operating partner for assets acquired. With substantial international equity structuring experience, we have been able carve out a substantial equity allotment from multiple sources by advising and establishing tax effective investment structures for international investors.

Eduardo V. Miranda

Mr. Miranda currently serves as a Senior Associate with Metro 1 Properties in Miami, Florida, a commercial brokerage and real estate advisory services company. There, he represents buyers and sellers in commercial real estate transactions including hotel, industrial, multi-family, and land. He also performs due diligence and financial feasibility analysis on proposed acquisitions for clients, produced

and distributed offering memoranda for property dispositions, and represented retail tenants in site selection and lease execution.

Prior to that, Mr. Miranda served as the Development Manager for Oto Development, LLC, a hotel development group based in Fort Lauderdale, Florida. His duties there included directing the development efforts of Marriott, Hilton, and Hyatt branded select service hotels from site selection, due diligence, and acquisition, through design development, permitting, construction, FF&E coordination and hotel opening. He also negotiated and managed all contracts and purchase orders, coordinated design and construction teams during project origination and implementation, collaborated with brand representatives to ensure brand standards were achieved, and developed project budgets of approximately \$75 million for new hotels and evaluated feasibility of proposed projects.

Mr. Miranda also served as Acquisition and Development Consultant for Luxury Development Consultants, Inc., where he performed due diligence and financial feasibility analysis on proposed acquisitions and developments. Prior to that, he served as Vice President of Development at Boca Resorts Inc. (now LXR Luxury Resorts, an affiliate of The Blackstone Group), where he managed over \$200 million in development spending on numerous resort enhancements including the renovation of existing facilities in Boca, Fort Lauderdale, and Naples, including restaurants, bars, retail outlets, pools, meeting rooms, and guest rooms, as well as new construction projects including a golf clubhouse, luxury spa, and a 112 room guestroom tower with flexible meeting space at the Boca Resort, a golf course in Naples, and a state of the art floating dock marina at Bahia Mar in Fort Lauderdale. He also served as an Operations / Financial Analyst at The Breakers Palm Beach, Inc., a luxury hotel on Palm Beach Island. His duties there included controlling the financial performance of the 670-acre Breakers West residential development and its country club operations.

Mr. Miranda earned a Master of Science in Hotel and Food Service Management from Florida International University in 1994. He also earned a Bachelor of Science in Industrial and Systems Engineering from the University of Florida in 1992. The is a Licensed Real Estate Salesperson in the state of Florida.

Gerry D. Matthews

Mr. Matthews is a Licensed Real Estate Broker at Matthews Commercial Properties, where he has served for over a decade. MCP specializes in the sales and leasing of commercial, industrial, office and retail space throughout Connecticut; it has completed over 1,000 transactions since 2001 and earned the Co-Star Power Broker Award 2003-2011 top 20 brokerage firms in Ct / Westchester county N.Y.

Prior to that, Mr. Matthews served as a Licensed Real Estate Agent with Giglio & Krasney Commercial Real Estate for 6 years, where he worked directly with clients to search, locate and procure property that met their requirements, and developed successful marketing campaigns for the disposition of clients' properties.

Before that, Mr. Matthews served as Executive Vice President at Connecticut Factors, Inc. for 13 years. There, he supervised and coordinated personnel in the renovation of commercial office, and industrial buildings, ranging in size from 25,000 to 385,000 square feet, as well as several condominium and multifamily conversion projects. He also instituted maintenance and management programs for nine commercial office buildings totaling over 700,000 square feet and six condominium conversions and multi-family projects totaling 276 units, and attained necessary materials, bids and proposals for projects.

Concurrently, Mr. Matthews also served by gubernatorial appointment as the Real Estate Commissioner with the State of Connecticut Department of Consumer Protection from 1997 to 2003. There, he was tasked to uphold, interpret and enforce the laws governing the Real Estate industry in Connecticut. His division had jurisdiction over 20,000 brokers, agents, and property managers licensed in the State of Connecticut.

PROJECT PARTNERS

ECONOMIC CONSULTANT

Dr. Michael K. Evans

Evans, Carroll & Associates, Inc., Chairman

Dr. Evans is the Chairman of Evans, Carroll & Associates (formerly Evans Economics), which has been providing economic forecasting and consulting to clients since 1981. The firm, based in Boca Raton, Florida, specializes in economic analysis for EB-5 programs, economic impact studies of development projects and new construction, models of state and local tax receipts, impact of current and proposed government legislation, and construction of econometric models for individual industries and companies. As Chief Economist for the American Economics Group from 2000 to the present, Dr. Evans has also built a comprehensive state modeling system that provides economic analysis for a variety of consulting projects. Previously Dr. Evans was founder and president of Chase Econometric Associates (1970–80), and served as Clinical Professor of Economics at Kellogg Graduate School of Management, Northwestern University (1996–99) and Assistant and Associate Professor of Economics, Wharton School, University of Pennsylvania (1964–69). Dr. Evans holds a Ph. D. in Economics from Brown University.

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Summary of the General Risk Factors

Before investing in the Units, prospective Investors should be aware that there are risks, including those described below, which may affect the Partnership's business, financial condition or results of operations. Prospective Investors should consider carefully these risk factors together with all of the other information included in this Memorandum before deciding to purchase any Units.

An investment in the Units involves a certain degree of risk, including, but not limited to the following. For a more detailed description of the risks involved in an investment in the Units see RISK FACTORS below.

• The Units are illiquid and should only be purchased if the Investor is willing to hold the Units for an indefinite period of time.

• Identifying, completing, and realizing profits in the target market has from time to time been highly competitive, and involves a high degree of uncertainty.

• Many of the Partnership's competitors for investments are far larger than the Partnership, may have greater financial resources than the Partnership, and may have management personnel with more experience than the Managers of the General Partner.

• The Partnership's business or services may fail to perform as expected, and capital expenditures may exceed estimates.

• The Partnership may be forced to alter the design of, and services rendered at, the Project after expending resources to determine feasibility.

• The Partnership's revenues are subject to changes in regional economic conditions, including levels of employment and discretionary disposable income, consumer confidence, and may be affected by changes in legislation.

EB-5 IMMIGRATION DISCLOSURES AND RISK FACTORS

The U.S. Congress created the employment-based fifth preference ("EB-5") immigrant visa category in 1990 for immigrants who invest in and manage U.S. commercial enterprises that benefit the U.S. economy. Each investment needs to create or save at least 10 full-time jobs for U.S. workers.

A description of the requirements and processes of the EB-5 Program are based on information obtained by the Partnership from third parties who the Partnership believes are reliable. However, there can be no assurance that such information is accurate or current or that it includes all of the risks relating to U.S. immigration laws or the EB-5 Program (see below).

Investors in this Offering who have subscribed for Units with the intention of applying for a U.S. green card through investment in the Partnership should be aware of certain risk factors relating to immigration to the United States, the EB-5 Program and its administration. An Investor who purchases Units with the intention of obtaining a conditional and permanent green card is encouraged, along with his or her advisors, to make his or her own independent review of the EB-5 Program and the various immigration risk factors relating to the process in obtaining a conditional and permanent residency status to determine if an investment in the Units is a suitable approach for him/her.

THE PARTNERSHIP MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND CONCERNING WHETHER AN INVESTMENT IN THE PARTNERSHIP WILL MEET THE REQUIREMENTS OF THE EB-5 PROGRAM OR OTHER U.S. IMMIGRATION REQUIREMENTS. NO ASSURANCES CAN BE GIVEN THAT AN INVESTMENT IN THE PARTNERSHIP WILL RESULT IN AN IMMIGRANT INVESTOR RECEIVING AN EB-5 VISA OR CONDITIONAL OR PERMANENT RESIDENT STATUS.

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RISKS RELATED TO THE EB-5 PROGRAM

General Immigration Risks

Congress and/or USCIS may change the law, regulations, or interpretations of the law, including the EB-5 Program, without notice and in a manner that may be detrimental to an Investor and/or the Partnership. Investors who obtain conditional or permanent residence status must intend to make the United States their primary residence. Permanent residents who continue to live abroad risk revocation of their conditional or permanent residences that are not within the control of the Partnership. These include an Immigrant Investor's history and quotas established by the United States government limiting the number of immigrant visas available to qualified individuals seeking conditional or permanent resident status under the EB-5 Program.

Job Allocation Among EB-5 Foreign Investors

The Partnership shall take such action to meet the objective of allocating to each Investor a minimum number of ten (10) direct and/or indirect and/or induced full-time equivalent positions for qualifying employees created by the Project due to the Partnership's investment in the Project on the following basis: The assignment of full-time equivalent positions for qualifying employees created by the Project shall be allocated to members of the Partnership based on the sequential order of the date that each member entered the United States on an EB-5 Visa.

Use of Immigration Attorney and Processing Time

The filing of an I-526 Petition by an Investor with the USCIS should be done by a qualified U.S. immigration attorney. As of the date of this document, the USCIS is taking approximately six months to approve (or deny) an I-526 Petition. It is impossible to predict USCIS processing times. Once approved, the case will be forwarded to the U.S. State Department's National Visa Center and then to a U.S. Consulate selected by the Investor for processing or, if the Investor is already in the U.S., the Investor may adjust his or her status to that of conditional permanent resident. It may, however, take an additional six months or longer for a U.S. Consulate to process the I-526 Petition, or for the USCIS to adjust an Investor's status, and issue a conditional green card. Investors should not physically move to the United States until their visa has been issued.

Management estimates that the Project will create a sufficient number of direct jobs. Each Investor in the Partnership who will petition for permanent residency in the U.S. under the EB-5 Program must demonstrate that the Project created at least 10 direct jobs in order to qualify for permanent residency status under the EB-5 Program.

There is no assurance that the assumptions upon which the job creation totals are based are accurate or that the actual number of direct employees will be close to the number predicted. Depending upon the disparity there may be insufficient employment to remove conditional visa status, resulting in a delay or denial of permanent residency for any Investor.

Proving Lawful Source of Funds

As part of the I-526 Petition, an Investor must present to the USCIS clear documentary evidence of the source of the funds invested and that the funds belong to the Investor. Generally, the Investor can satisfy the source of funds requirements by submitting documents showing that he or she has a level of income from legal sources that would yield sufficient funds for the investment. The USCIS generally requires copies of income tax returns to satisfy the source of funds requirement. For Investors who do not have such records, there may be other records that can be provided to the USCIS by an Investor to demonstrate that the investment funds came from legal sources. All such matters regarding the Investor's I-526 Petition should be discussed with his or her immigration counsel.

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Policymaking Position

The EB-5 Program requires an Investor to hold a policymaking or management position within the Partnership. The Partnership believes that each Investor, as a limited partner of the Partnership, is provided with the powers and duties under the Partnership Agreement sufficient to meet the USCIS requirement that an Immigrant Investor is actively participating in policymaking or management of a new commercial enterprise.

Chinese Governmental Action.

The government of the People's Republic of China ("PRC") (the expected home country source of Investors) may restrict or suspend entirely participation by its nationals in the EB-5 Program as violative of (a) the PRC's Securities Laws, (b) the PRC's foreign exchange controls, and/or (c) the current prohibition on Chinese nationals investing overseas in an individual capacity, rather than through enterprises. Moreover, the PRC may promulgate new laws or regulations in the future that restrict or prohibit participation in the EB-5 Program. Finally, the PRC has not approved this private placement; although in the past it has been assumed that a lack of action on particular offerings by the PRC is tantamount to their tacit approval, in the future, it cannot be assured that the PRC will not restrict or prohibit foreign private placements in general or the Offering in particular. Similar political risks apply to any other country from which a prospective Investor who seeks to transfer funds is a citizen, lawful permanent resident, or is otherwise domiciled.

Targeted Employment Area Designation.

The Partnership believes that the Project is located in a "TEA." The Partnership bases this belief on the TEA Designation Memorandum, attached hereto. While USCIS may rely on the TEA Designation Memorandum, USCIS may also choose to defer to state governmental authorities for an ultimate decision on whether the Project is located in a TEA. In such an event, the Partnership believes that the state would consider the Project to be in a TEA based on the evidence supported by the TEA Designation Memorandum, but that is not certain. Moreover, even if USCIS determines that the Project is currently located in a TEA, demographic shifts could cause the loss of TEA status to the census tract where the Project is located. If the Project is not in a TEA, then Investors in Interests seeking a green card pursuant to the Pilot Program would have to invest a minimum of one million dollars (\$1,000,000). Therefore, if the census tract's "TEA" status is lost, it could become difficult or impossible for the Partnership to raise additional funds from EB-5 Investors. If the Partnership is unable to raise sufficient funds, the risk factor "Risks Due to Failure to Raise Adequate Capital" will also apply.

At-Risk Investment

An Investor's investment must be at risk to qualify for the EB-5 Program. As part of the green card application, an Investor must show evidence that he or she has placed the required amount of capital at risk for the purpose of generating a return on the capital placed at risk. The Partnership believes that an investment in the Units will place an Investor's investment in the Partnership at risk because there is no assurance that the business of the Partnership will be able to return any Investor's investments in the Units at any time, or ever. Purchase of a Unit does not guarantee conditional or permanent residency in the United States. Furthermore, no assurance can be given that conditions to residency under the EB-5 Program will be removed.

THE PARTNERSHIP MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND CONCERNING WHETHER AN INVESTMENT IN THE PARTNERSHIP WILL MEET THE REQUIREMENTS OF THE EB-5 PROGRAM OR OTHER U.S. IMMIGRATION REQUIREMENTS. NO ASSURANCES CAN BE GIVEN THAT AN INVESTMENT IN THE PARTNERSHIP WILL RESULT IN ANY INVESTOR RECEIVING A VISA OR CONDITIONAL OR PERMANENT RESIDENT STATUS.

Timing of investment

The EB-5 program procedures requires an investor to <u>first</u> make a qualifying investment, and <u>then</u> file a Form I-526 petition (and supporting documents) with USCIS. The applicant must thus be prepared for situations where—if the application is denied—he or she would have incurred irrecoverable expenses on

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foreign exchange transfer and then getting the investment returned. The investor might also have disposed of some valuable asset to arrange liquid funds in the first place and would be required to look for new investment assets. The investor should factor in expenses and costs and losses that he or she might incur while going through sale and purchase of assets. From the time that the investor makes the investments and time he or she receives the money back, the investor will need to factor in the lost interest in the process.

OTHER RISK FACTORS

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

General Economic Conditions

The investment strategy of the Partnership is based in large part upon the success and results of the markets in general. Changes in the general economic conditions (including economic downturns), securities markets, and changes in tax codes and other governmental regulations may affect the value of the Partnership's investments.

Operating History

Palm House Hotel, LLLP has no operating history. As a result, we have no operating history to aid in assessing our future prospects. We will encounter risks and difficulties as an early-stage Partnership in a rapidly evolving, and often volatile, investment market. We may not be able to successfully address these risks and difficulties, which could materially harm our business and operating results.

The Partnership is a new business with no operating history upon which Investors may base an evaluation of its potential future performance. As a result, there can be no assurance that it will be able to develop consistent revenue sources, or that its operations will become profitable even if it is able to allocate the funds raised in this Offering in accordance with its business plan. The Partnership and its prospects must be considered in light of the risks, expenses and difficulties frequently encountered by entities in an early stage of development. Such risks include, but are not limited to, an evolving business model, developing the business plan and the management of its growth, property acquisition and development, the successful operating and maintaining of a commercial real estate Project. The Partnership must, among other things, locate investment assets, purchase investment assets at reasonable values, develop investment assets on a profitable basis, respond to economic and market variables outside the control of the Partnership, conduct adequate due diligence, respond to competitive developments and continue to attract, retain and motivate qualified employees and operate and maintain its facilities. There can be no assurance that the Partnership will be successful in meeting these challenges and addressing such risks and the failure to do so could have a materially adverse effect on the Partnership's business, results of operations and financial condition.

Management of Growth

The Project will experience growth in its operations, which will place significant demands on our management, operational, and financial infrastructure. If the Partnership does not effectively manage growth, the quality of services could suffer, which could negatively affect the Project and its operating results. To effectively manage growth, the Partnership will need to continue to improve its operational, financial and management controls and its reporting systems and procedures. These systems enhancements and improvements may require significant capital expenditures and management resources. Failure to implement these improvements could hurt the Project's ability to manage growth and its financial condition.

Competition

The Partnership will compete for investments with numerous other investments, many of which have substantially greater financial resources, research and marketing capabilities, operating histories and

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greater name recognition than does the Partnership.

Construction Risks

The Project may involve construction and/or renovation of existing buildings. Construction and renovation costs may exceed projected levels; similarly, the time for construction and renovation may exceed projections. Such cost overruns or delays may imperil the timing and profitability of the project. Further, necessary permits may take longer than anticipated to acquire, or may be denied entirely. For existing units, the condition of those units may be worse than expected, the units may contain asbestos, or they may require extensive work or even demolition and reconstruction.

Natural Disasters; Weather

Construction, development, leasing, or operation may be delayed, prevented, or adversely affected by inclement weather or other acts of God. Florida is located in an area at high risk for hurricanes and other natural disasters and natural disaster-related damage. Buildings, fixtures, and other Project assets may be damaged or destroyed by natural disasters.

Government Regulation Risks

The hospitality industry is regulated by both state and federal governments. Adverse changes in government regulations, taxes, or incentive programs could impact the feasibility, profitability, or even the legality of the project.

Hospitality Industry Risks

The business operations of the Borrower involve the operations of a luxury hotel facility, including highend ancillary services. The profitability of such an enterprise is dependent upon the tourism market in the area, as well as the general economy and consumer spending patterns. Furthermore, the ultimate profitability of the project may be influenced by the South Florida real estate market, which may be volatile. These macroeconomic factors are outside of Management's control.

RISKS RELATED TO MANAGEMENT

Reliance on Management

The General Partner has sole responsibility and authority for all decisions in connection with the management of and investments made by the Partnership. Limited Partners will have a limited right to participate in the management of the Partnership. The capital required by the Partnership to commence operations and carry on its business is being sought entirely from the proceeds of the Offering.

The Partnership's success is highly dependent on the experience and industry knowledge of the management team, which members have limited experience in the operation of a Project of this type or with the EB-5 program.

The General Partner was only recently formed and has no operational history to date. The Partnership is dependent entirely on the efforts of the management team of the General Partner for strategic business direction. The principals of the General Partner have limited experience in managing a Project of this type, and as a result, their ability to be effective managers, or otherwise operate the business in a manner that maximizes profitability for the Partnership is questionable. None of the Investors will have the right to vote on or approve any of the investments or business decisions to be made by the Partnership. Prospective Investors who are unwilling to delegate sole discretion to the General Partner in this manner should not invest in the Partnership.

Because the General Partner will have sole discretion in structuring the Partnership's business model, the risk profile and exposure of this Partnership will ultimately be determined by the General Partner. The Partnership's success depends on the General Partner's ability to execute its business model and plan.

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The General Partner, and consequently the Partnership, is currently dependent on the continued service and active advisory efforts of the principals of the General Partner (see "Management Team"). If any of their services with the General Partner were to cease or lapse for any reason, the Partnership may be adversely affected if such services were not otherwise provided by Persons of equal or greater talent or experience.

Potential Conflicts of Interest

Certain conflicts of interest may arise from the fact that the Managers of the General Partner will continue to be involved in business pursuits which require their time, attention and energies and which may conflict with the business of the Partnership. The Managers of the General Partner may also act in management and advisory capacities for other entities. Therefore, conflicts of interest may arise in the allocation of their time to the management and administration of the Partnership and such other entities.

RISKS RELATED TO THIS OFFERING

No Assurance of Liquidity; Restrictions on Transfer

There is currently no market for the Units, and a market in the Units is not expected to develop in the future. The Units are not redeemable and cannot be assigned; transferred; pledged; encumbered or otherwise disposed of without the consent of the General Partner and in compliance with applicable provisions of the Partnership Agreement and applicable securities laws. As a result, purchasers must bear the economic risk of their investments for the life of the Partnership. A purchase of Units should be considered only by sophisticated and accredited Investors financially able to maintain their investment and who can afford to lose all or a substantial part of their investment.

Transferability of the Units is restricted and Investors will not be able to liquidate their investment in the event of an emergency. Additionally, the Units may not be readily acceptable as collateral for loans (to the extent permitted by the Partnership Agreement). Accordingly, purchase of the Units must be considered a long-term, illiquid investment.

Private Offering Exemption

The Units are being offered in reliance upon a non-public offering exemption provided under the Act, Regulation D promulgated thereunder. The Partnership has used its best efforts to assure compliance with the requirements of these various registration and qualification exemptions. Since compliance with the securities statutes is highly technical and often difficult, there is no assurance that a court reviewing the facts and circumstances of the Offering might not determine later that one or more of the applicable exemption provisions was not properly complied with. Should it be determined that the Partnership failed to comply with the requirements of the Act or any applicable exemption and a sufficient number of Investors were to seek rescission, the Partnership could face financial demands which could adversely affect its ability to continue to conduct business which, in turn, could result in adverse consequences to both rescinding and non-rescinding Investors.

Liability and Indemnification of the General Partner

The General Partner is in a fiduciary relationship with the Limited Partners of the Partnership. As such, the General Partner is required to exercise good faith and integrity in their conduct of the Partnership's affairs. However, their responsibility is limited by provisions of the Subscription Agreement and Partnership Agreement which exculpate the General Partner and their affiliates from liability to the Partnership Agreement and without gross negligence, fraud or willful violation of law. As a result, a Limited Partner may have a more limited right of action than it would have had in the absence of such provisions. The Subscription Agreement and Partnership Agreement and their respective affiliates from any liability or loss suffered by virtue of the General Partner acting in such capacity, except in the case of violation of the Subscription Agreement or of gross negligence, fraud or willful violation of law.

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Projections; Forward Looking Information

Management has prepared projections regarding Palm House Hotel, LLLP's anticipated financial performance. The Partnership's projections are hypothetical. Financial projections concerning the estimated operating results of the Partnership have been prepared by the Partnership's management. These projections may be based on certain assumptions which may prove to be inaccurate and which are subject to future conditions that may be beyond the control of the Partnership, such as the general industry conditions. The Partnership may experience unanticipated costs or lower revenues than forecasted. There is no assurance that the results which may be illustrated in financial projections would in fact be realized by the Partnership. The financial projections have been prepared by management of the Partnership in consultation with experts in the field and the Partnership's independent certified public accountants. However, since the financial projections are based upon numerous assumptions, which may or may not prove to be true, neither the independent experts or the independent certified public accountants or counsel to the Partnership can provide any level of assurance with respect to them.

Many of these risks are described elsewhere herein. For all of the foregoing reasons, actual results may vary materially from the Forward Looking Statements and there is no assurance that the assumptions used are necessarily the most likely. Additionally, when used in this memorandum, the words "believes," "anticipates," "intends," "expects," "plans," as well as similar words are intended to identify forward-looking statements. All such statements are based on the Partnership's expectations and are subject to a number of risks and uncertainties, many of which are beyond the Partnership's control. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained herein will in fact occur. The Partnership does not undertake any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

Risks Due to Failure to Raise Adequate Capital

Management intends to close this Offering with the requisite number of investors to achieve the full offering amount. However, this can not be guaranteed. A failure to secure full funding could endanger the success of the Project. Failure of the Partnership to raise the full offering amount could negatively impact the Project Company's ability to finance and develop the Project. If the Partnership fails to raise the full offering amount and is therefore unable to loan such amount to the Project Developer, to secure the balance of any funds required for the Project, the Project Developer will be required to seek a larger than expected amount from alternative capital sources, including institutional investors and non EB-5 investors, among others. Furthermore, it is possible that the Project Developer will fail to raise the additional capital, or that, even if the Partnership succeeds in raising the full offering amount and loans such amount to the Project Developer, such proceeds, plus any additional capital raised, will be inadequate to satisfy all capital requirements, or that such financing may be untimely procured, requiring the Project Developer to obtain alternative financing, including short- and long-term debt financing, or equity financing, in addition to the Partnership's loan to the Project Developer. The terms of such alternative financing may be better or worse for the Project Developer than the terms of the loan from the Partnership, and may result in subsequent investors in the Project Developer having superior rights to those of the Partnership.

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Summary of Loan Terms

Purpose. Prior to the closing of the first Unit offered hereunder, the Partnership will enter into a Loan Agreement (the "Loan") with Borrower. The proceeds of the Loan will be used to partially finance the acquisition, development and operation by Borrower of the Project.

Amount. The Loan amount will be up to \$39,500,000, depending upon the number of Units sold in this Offering. Whether or not the maximum Loan amount is advanced, the Borrower may seek alternative and additional financing.

Term; Repayment. The balance of all Advances and all accrued unpaid interest on the Loan shall be repaid as follows. Upon and after the First Advance hereunder, Borrower shall make payments of interest only on the outstanding principal balance of all Advances at the rate per annum of 0.25% until expiration of 5 years from the First Advance (the "Initial Term"). Upon the expiration of the Initial Term, the outstanding principal balance of all Advances and all accrued interest then outstanding shall be due. Borrower shall make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon after the expiration of the Initial Term. If Borrower cannot refinance such amounts on commercially reasonable terms prior to the end of the Initial Term, Borrower may extend the term of this Note for one or more additional five year periods (each an "Extension Period"), provided Borrower is not in default. During each Extension Period (a) the interest rate shall remain at 0.25%, and (b) Borrower shall make principal and interest payments on the outstanding principal balance of all Advances and all accrued unpaid interest thereon then outstanding, calculated by amortizing the outstanding balance thereof over 15 years at the rate of interest set forth below. Interest shall be computed on the basis of a 365 day year and actual days elapsed. Upon default or after judgment has been rendered on this Note, the unpaid principal of all Advances shall bear interest at a rate which is two (2%) percent per annum greater than that which would otherwise be applicable.

The Borrower may not, without the Partnership's prior express written consent, prepay the Note prior to the expiration of five years from the First Advance. Thereafter, Borrower may prepay this Note, in whole or in part, at any time, without penalty or premium, and without prior written consent of the Partnership.

Disbursement. Disbursements of Loan proceeds will be made to Borrower from time to time upon approval of Investor I-526 Petitions and in accordance with the Escrow Agreement. It shall be a condition of each advance that as of such time there shall not have been a material adverse change in the operations, assets or financial condition of the Borrower and its subsidiaries, taken as a whole.

Promissory Note and Loan Collateral. The Borrower will issue a Promissory Note with full recourse to the Borrower. The Loan may be secured by a lien on collateral of Borrower.

Senior Debt. Borrower may incur other debt and in connection therewith, grant security interests senior to those granted to the Partnership under the Loan Agreement.

Loan Documents. The Partnership has issued a Commitment Letter to Borrower, a copy of which is available upon request. The Promissory Note and Loan and Security Agreement to be executed by each Borrower are available for review upon request.

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Summary of Limited Partnership Agreement

The rights and obligations of the Partners of the Partnership will be governed by the Limited Partnership Agreement ("LP Agreement"), attached to this Offering Memorandum. It is recommended that each prospective investor read the entire LP Agreement. The following is a brief summary of some of the provisions of the LP Agreement. The summary below and all statements made elsewhere in this Offering Memorandum relating to the LP Agreement are qualified in their entirety by reference to the LP Agreement.

PURPOSES (ARTICLE 1, LP AGREEMENT)

The purposes of the Partnership shall be to engage in any lawful acts or activities for which limited liability companies may be formed under the Act, including for the purpose of investing in Qualifying Investments under the EB-5 Pilot Program.

CAPITAL CONTRIBUTIONS (ARTICLE 2, LP AGREEMENT)

Each Limited Partner's capital contribution must be paid at the time such Limited Partner subscribes to purchase Units in this Offering and shall be paid in USD cash. Each Investor's Capital Contribution will be credited to his/her Capital Account. Terms governing the maintenance of Capital Accounts are set forth in the LP Agreement. An EB-5 Limited Partner shall be conditionally accepted to the Partnership upon receipt by the Partnership of his/her Capital Contribution and the Administrative Fee. The Capital Contribution shall be released from escrow and delivered to the Partnership upon the USCIS approval of the I-526 Petition for such conditionally accepted EB-5 Limited Partner, in accordance with the Escrow Agreement. Upon release of the Capital Contribution to the Partnership, an EB-5 Limited Partner shall be admitted to the Partnership.

ALLOCATION OF PROFITS AND LOSSES (ARTICLE 3, LP AGREEMENT)

Profits and Losses for each fiscal year shall be allocated as follows: (a) first, to the Partners in accordance with their Adjusted Capital Contributions, payable in proportion to the unpaid amounts thereof; and (b) the balance, to the Partners in accordance with the Percentage Interests.

DISTRIBUTIONS (ARTICLE 3, LP AGREEMENT)

Available Cash Flow, if any, shall be distributed annually as follows: (a) to Partners in payment of Mandatory Distributions (See Section 3.6 of the LP Agreement); (b) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's Preferred Return, less amounts due to the Partnership; (c) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's Adjusted Capital Contribution; (d) then to Partners pro rata in accordance with each Capital Contribution in an amount up to each EB-5 Limited Partner's Adjusted Capital Contribution; (d) then to Partners pro rata in accordance with each Partner's Adjusted Capital Contribution; and (e) then to Partners in accordance with their Percentage Interests in the Partnership.

The rules and regulations governing the Pilot Program prohibit the return of an EB-5 investor's investment prior to the approval of the Investor's I-829. Accordingly, the Partnership shall not make distributions to EB-5 Limited Partners, other than distributions from Available Cash Flow in amounts not exceeding their

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respective EB-5 Minimum Capital Requirement prior to that time. After such date the foregoing restriction shall no longer apply.

MANAGEMENT (ARTICLE 4, LP AGREEMENT)

the Partnership operates under the direction of a General Partner. The General Partner has full and complete authority, power and discretion to manage and control the business and affairs, including the management and operation of the Partnership, to make all decisions regarding the business and affairs of the Partnership, in its sole discretion, and to perform any and all other acts incident to or customary for the business. Limited Partners have limited rights to take part in the management of, or to bind, the Partnership.

TAX WITHHOLDING (ARTICLE 4, LP AGREEMENT)

The General Partner is authorized to withhold any sums required by the Internal Revenue Code even if such withholding conflicts with any of the terms and conditions of this Agreement or otherwise affects distributions, allocations or payments to the Partners. In the event that the General Partner learns of a withholding obligation subsequent to the distribution to which the withholding obligation relates, the General Partner will issue an invoice to the Partner. If the invoice is not paid within sixty (60) days, the General Partner will charge the amount against the Partner's Capital Account.

INDEMNIFICATION (ARTICLE 5, LP AGREEMENT)

The Partnership may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Partnership) by reason of the fact that he is or was a partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a Partner, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses, judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Partnership and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Expenses of each person indemnified may be paid by the Partnership in advance of the final disposition of such action, suit or proceeding as authorized by the General Partner upon receipt of an undertaking to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Partnership.

VOTING (ARTICLE 7, LP AGREEMENT)

On any matter presented to the Partners for their vote, each Limited Partner shall have one vote for each Unit owned by him. The following actions shall require the approval of Limited Partners holding a majority of the then outstanding Units: (i) any modification to this LP Agreement materially changing the rights of the Limited

Partners; and (ii) dissolution of the Partnership prior to the end of the fifth year after admission of the last EB-5 Limited Partner.

TRANSFER RESTRICTIONS (ARTICLE 8, LP AGREEMENT).

No EB-5 Limited Partner may voluntarily transfer any interest or rights in his/her Units without consent of the General Partner. Additional restrictions on transfer of Units are described in the LP Agreement. No Limited Partner shall have the right or power to Voluntarily Withdraw from the Partnership. If any Partner intends to transfer his or her Units or any part thereof to any person or entity, after obtaining required

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approval, such Partner shall give written notice to the Partnership of his intention so to transfer. Thereupon, the Partnership, then the General Partners, then the Limited Partners shall have an option to purchase such Units at Fair Market Value (as defined in the LP Agreement).

TERMINATION OF INTEREST (ARTICLE 9, LP AGREEMENT)

The Partnership Interest of each EB-5 Limited Partner shall be terminated by (a) dissolution of the Partnership as provided in the LP Agreement and distribution of the proceeds of liquidation to EB-5 Limited Partners in accordance herewith; (b) the Agreement of an EB-5 Limited Partner, or his/her personal representative, and the General Partner; (c) the return of the Capital Contributions and payment of all accrued Preferred Returns to such EB-5 Limited Partner.

DISSOLUTION AND TERMINATION (ARTICLE 10, LP AGREEMENT).

The Partnership shall be terminated and dissolved upon the first to occur of the following: If the Partnership then has any EB-5 Partners (a) upon vote of a Majority-In-Interest of the Partners; or (b) upon the sale of all or substantially all the assets of the Partnership; and if there are then no EB-5 Partners of the Partnership (a) upon vote of the General Partner, or (b) upon sale of all or substantially all of the assets of the Partnership.

INCOME TAX CONSIDERATIONS

Each Investor is responsible for obtaining his or her own tax advice with respect to the federal, state and local income and other possible tax consequences of his/her investment in the Partnership, and no tax advice will be provided hereunder or at any time in the future. However, as a general rule, a resident alien of the United States will be taxed on all of his or her worldwide income and will be required to file a United States income tax return. In addition, if an alien is not a resident of the United States but has United States source income he or she generally will be subject to taxation in the United States on such income, and such income may be subject to withholding and/or reporting on a United States income tax return. All Investors in this Offering should seek professional tax advice prior to investing in this Offering.

SUBSCRIPTION PROCEDURE AND PLAN OF DISTRIBUTION

SUBSCRIPTION PROCEDURE

To subscribe to purchase Units in this Offering, a subscriber must transmit the following to the Partnership prior to the termination of this Offering, as follows:

1. Subscriptions Funds for Units (\$500,000 per Unit subscribed for) shall be paid by a wire transfer to the Partnership Escrow Account established by each subscriber of Units with the Partnership according to the wire instructions provided by the Partnership.

2. Administrative Fees (\$40,000 per Investor) shall be paid by wire transfer to the Partnership according to the wire instructions provided by the Partnership.

3. Executed counterpart signature page to the Partnership EB-5 Escrow Agreement (attached hereto);

4. Executed counterpart signature page to the LP Agreement (attached hereto);

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5. Executed complete Subscription Agreement (attached hereto);

6. Executed and complete Investor Questionnaire.

The subscription period will begin on the date of this Offering Memorandum and will continue until the Offering is sold or the Offering is terminated by the Partnership.

All subscription proceeds received from subscribers for Units shall be deposited in the Partnership Escrow Account established for subscription funds pending filing of subscriber I-526 Petitions. Upon notice of approval of each subscriber's I-526 Petition, his/her subscription funds will be transferred to the Partnership and advanced to Borrower as part of the Loan. A subscriber of Units shall have no right to revoke or withdraw his/her subscription after filing of his/her I-526 Petition.

If a subscriber's I-526 Petition is denied by USCIS for reasons within the control of the Partnership, then subscriber's subscription proceeds shall be returned to subscriber without interest or deduction. If a subscriber's I-526 Petition is denied by USCIS for reasons beyond the control of the Partnership or due to subscriber providing false or misleading information to USCIS or the Partnership, then subscriber's subscription proceeds shall not be returned to subscriber but shall remain committed to the Project in accordance with this Offering. In such case, subscriber will be admitted as a Limited Partner of the Partnership and will be issued Units subject to the terms of the LP Agreement as if his/her I-526 Petition was approved. All interest accrued on funds deposited in the Partnership Escrow Account belong to the Partnership.

PLAN OF DISTRIBUTION

The Units will be offered to prospective investors by the Partnership, and/or its duly authorized agents. Fees and commissions of such agents may be paid by the Partnership from Administrative Fees. Prospective investors are limited to qualified non-U.S. citizens seeking permanent residence in the United States through the EB-5 Program who are Accredited Investors (as defined in the Act). The Units are offered subject to the Partnership's rights to withdraw the Offering at any time without notice and/or to reject any subscription. This Offering may be terminated if events have occurred, which in the General Partner's sole judgment, make it impracticable or inadvisable to proceed with, continue or consummate the Offering described herein. There is no assurance that all or any of the Units will be sold. If the Offering is terminated the Partnership Escrow Agreement provides for the prompt return to the investors of their subscription funds, without interest. Administrative Fees are not refundable for any reason.

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Availability of Additional Information

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MANAGEMENT OF THE PARTNERSHIP CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE PARTNERSHIP POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL THE PARTNERSHIP.

Palm House Hotel, LLLP

197 S. Federal Highway, Suite 200 Boca Raton, FL 33432 Telephone: (561) 282-6102



SECTION II

Business Plan Summary

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EXECUTIVE SUMMARY

THE PROJECT OVERVIEW

The Borrower, Palm House, LLC, intends to secure a Loan from the Limited Partnership, using such funding to serve as Developer for the job-creating enterprise known as the Hotel Project. To that end, the Limited Partnership is soliciting investors under the EB-5 Immigrant Investor Program (EB-5 Program), which grants lawful conditional and permanent resident status in the United States to foreign investors who make qualifying investments (Qualifying Investments) under the provisions of 8 U.S.C. 1153 (b) (5) (A) (i)-(iii), (C) (the "Act"). In order to take advantage of the EB-5 Program, foreign investors must invest in the Limited Partnership and complete the required immigration procedures. All Qualifying Investments must be invested in projects structured to create at least 10 full time direct jobs for qualified U.S. workers, as set forth in the EB-5 Program.

PROJECT SUMMARY

The Project developer seeks financing to operate a business involving the renovation and development of a high-end resort hotel.

The Project developer will focus on extensively renovating and refurbishing an existing hotel structure on the island of Palm Beach in South Florida. The hotel will be remodeled as a 79-room, high-end resort hotel offering ancillary services (such as food and beverage, spa, salon, membership club, etc.).

Of course, the EB-5 program's primary focus is job creation. Palm House Hotel, LLLP is excited to be an important factor in investing in the creation of new jobs. The project described herein will provide a beneficial impact to the community, provide jobs, and provide a boost to the local and national economies.

EMPLOYMENT

The economic analysis conducted, using the latest USCIS-approved complex software programs and diagnostic models available (RIMS II), justifies the feasibility of the project by proving the economic benefits of the Hotel Project to all areas of the local economy and confirms that the Hotel Project not only meets but exceeds the United States employment generation requirements of the USCIS:

Table A. Summary of Employment and Revenue Estimates				
Activity	Expenditure/Revenues	Final Demand	Total	
	(\$ million)	Multiplier	Jobs	
Hard Construction Costs	32.297	17.5636	567.2	
Soft Costs	6.188	16.315	101.0	
Purchases of FF&E *	2.5	7.9957	20.0	
Hotel Operations	14.36	17.5069	251.4	
Membership Fees *	2.0	7.046	14.1	
Total	75.413		953.7	
* Indirect and Induced effects only				

The econometric analysis quantifying the Hotel Project benefits to the state and local economy is a project specific analysis validating the Hotel Project opportunity and is included with the business plan.

FINANCES

Number of rooms	79
Available room-nights	28,835
Occupancy rate	61.0%
Occupied room-nights	17,589
Average Daily Rate	\$522.50
RevPAR	\$318.73
Room Revenue	\$9,190,435
Ancillary Revenue (F&B, etc.)	\$5,169,620
Total Revenue	\$14,360,055
Total Expenses	\$8,497,550
EBITDA	\$5,862,505

The above summation of the projected Year 2 (stabilized) income and expenses of the Hotel Project indicates that the Developer is well managed in the proper uses of cash flow to grow the concern through the judicious monitoring of variable and fixed costs resulting in profitability within a short time frame, allowing the Hotel Project to provide the projected return on investment to the investor/limited partner. Please see the full Business Plan and its attachments for the 5 year Pro Forma detail supporting the projections.

The foreign investor can have confidence that the Hotel Project will create the necessary number of jobs and economic benefits to assure the foreign investor that their application for residence status is and will continue in good standing.

The Hotel Project has the expertise and experience of Palm House, LLC's management to further validate the high level of confidence that the goals and projections will be realized (please see the profiles in the Management section of the business plan).

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LIMITED PARTNERSHIP AGREEMENT



LIMITED PARTNERSHIP AGREEMENT OF PALM HOUSE HOTEL, LLLP

a Florida Limited Liability Limited Partnership County of Palm Beach

Dated 11/30/2012

Palm House Hotel, LLLP 197 S. Federal Highway, Suite 200 Boca Raton, FL 33432 Telephone: (561) 282-6102

LIMITED PARTNERSHIP AGREEMENT Palm House Hotel, LLLP

PALM HOUSE HOTEL, LLLP LIMITED PARTNERSHIP AGREEMENT

This Limited Partnership Agreement ("Agreement") is entered into and effective on 11/30/2012 by and between the undersigned listed as partners on <u>Schedule A</u> hereto (hereafter, the "General Partner", "Limited Partners", or collectively, the "Partners"), as amended from time to time; WHEREAS, the Partners have caused a Certificate of Limited Partnership to be filed with the Florida Secretary of State forming a limited partnership under the name "Palm House Hotel, LLLP" (the "Partnership"); WHEREAS, the Partnership is formed for the purpose of investing in Qualifying Investments under the EB-5 Pilot Program; and WHEREAS, the parties hereto desire to set forth certain understandings and agreements among them with respect to the affairs of the Partnership and the conduct of its business; NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties hereby agree as follows:

DEFINITIONS

Capitalized terms used in this Agreement shall have the meaning set forth below. Other terms defined throughout this Agreement shall have the meanings respectively ascribed to them.

"*Offering*" means that certain private offering of Units of limited partnership interest in the Partnership described in the Partnership's Private Offering Memorandum dated 11/30/2012.

"*Project*" means development and operation by Palm House, LLC, a Delaware limited liability company, of the Hotel Project described in the accompanying Business Plan.

"Adjusted Capital Contribution" means, with respect to each Partner, the aggregate capital contributed to the Partnership by such Partner reduced, from time to time, (i) by any return of a Capital Contribution made pursuant to this Agreement, and (ii) by the aggregate distributions of Net Proceeds from a Capital Event made to such Partner pursuant to this Agreement.

"Affiliate" means, with respect to any Partner, any Person: (i) which owns more than 50% of the voting interests in the Member; or (ii) in which the Partner owns more than 50% of the voting interests; or (iii) in which more than 50% of the voting interests are owned by a Person who has a relationship with the Partner described in clause (i) or (ii) above, or (iv) who otherwise controls, is controlled by, or under common control with, another Person.

"Agent" means any officer, director, employee, trustee, partner, agent or representative of a Partner acting for or on behalf of such Partner or the Partnership.

"Available Cash Flow" means funds provided from operation of the Partnership, without deductions for depreciation, but after deducting funds used to pay all expenses and debts of the Partnership, including administrative operational expenses, debt payments, capital improvements, and less the amount set aside by the General Partner, in the exercise of its sole discretion, for reserves.

"*Bankruptcy''* means, with respect to any Partner: (i) an assignment for the benefit of creditors; (ii) a voluntary petition in bankruptcy; (iii) adjudication as bankrupt or insolvent; (iv) the filing of a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, regulation or law; (v) the filing of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against

the Partner in any proceeding of this nature; (vi) seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidator of such Partner's properties or of all or any substantial part of the Partner's properties; or (vii) any proceeding against the Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, that continues for one hundred twenty (120) days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the Partner or all or any substantial part of the Partner's properties without the Partner's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated.

"*Capital Contribution*" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Partnership by a Partner, net of liabilities assumed or to which the assets are subject.

"*Capital Event*" means the refinance, sale, exchange or other disposition of Partnership Property or any portion thereof.

"*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law or any corresponding provision, and all applicable Treasury Regulations.

"Deficit Capital Account" means the situation whereby the Partnership has made distributions to a Partner in excess of such Partner's Capital Account.

"*EB-5 Limited Partners*" means Limited Partners admitted to the Partnership as a result of Capital Contributions made into a Qualifying Investment, including the Offering (defined herein), under the EB-5 Pilot Program.

"*EB-5 Minimum Capital Requirement*" means the minimum capital investment required of EB-5 investors by USCIS to be at-risk under the EB-5 Pilot Program. The EB-5 Minimum Capital Requirement for the Project is \$500,000.

"*EB-5 Pilot Program*" means the program adopted by the U.S. Congress creating the EB-5 Regional Center Pilot Program.

"*Economic Interest*" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Partnership.

"General Partner" means South Atlantic Regional Center, LLC.

"Incapacity" means (i) the entry of a judgment by a court of competent jurisdiction to the effect that a Partner who is an individual is incompetent to manage such Partner's affairs, or the appointment of a guardian ad litem by a court of competent jurisdiction to manage such Partner's affairs; or (ii) the incapacity of a Partner who is an individual to perform his or her duties as a Partner as determined by (a) the vote of at least a majority of the Units not held by such Partner, and if such Partner is not in agreement with such determination, the certification of a physician selected by mutual agreement between such Partner and the holders of at least a majority of the Units not held by such Partner and, if the holders of at least a majority of the Units not held by the Partner and, if the holders of at least a majority of the Units not held by the Partner and, if the holders of at least a majority of the Units not held by the Partner and the holders of at least a majority of the Units not held by the Partner and, if the holders of at least a majority of the Units not held by the Partner and in agreement with such certification, the certification of a physician selected by mutual agreement between the Partner and the holders of at least a majority of the Units not held by such Partner.

"Interest Holder" means any Person who holds an Economic Interest, whether as a Partner or an un-admitted assignee of a Partner.

"Involuntary Withdrawal" means, with respect to any Partner, the occurrence of any of the following events: (i) the Bankruptcy of a Partner; (ii) if the Partner is an individual, the Partner's death or Incapacity; (iii) if the Partner is acting as a Partner by virtue of being a trustee of a trust, the termination of the trust; (iv) if the Partner is a partnership or limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company; (v) if the Partner is a corporation, the dissolution of the corporation or the revocation of its charter; or (vi) if the Partner is an estate, the distribution by the fiduciary of the estate's entire interest in the Partnership.

"Limited Partner" means each Person who is admitted as a Limited Partner of the Partnership.

"*Majority-In-Interest*" means Partners holding a majority of all Partners' or Interest Holders', as the case may be, Economic Interests in the Partnership.

"Net Proceeds from a Capital Event" means the net proceeds derived by the Partnership from a Capital Event after payment or allowance for the expenses incurred in connection with such Capital Event and after payment or allowance for existing indebtedness (but not including any outstanding Secured Debt), the discharge of any other expenses or liabilities of the Partnership and the establishment of appropriate reserves, all as determined by the Managing General Partner, in its sole discretion.

"*Partner*" or "*Partners*" means each Person who has signed this Agreement and any Person who subsequently is admitted as a Partner of the Partnership.

"Partnership Interest" means all of the rights of a Partner in the Partnership, including a Partner's: (i) Economic Interest; and (ii) right to participate in the management of the Partnership as provided in this Agreement.

"Percentage" or "Percentage Interest" means, as to a Partner, the percentage set forth after the Partner's name on <u>Schedule A</u>, as amended from time to time, and as to an Interest Holder who is not a Partner, the Percentage of the Partner whose Economic Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Partner's Economic Interest.

"*Person*" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"Preferred Return" means the cumulative annual preferred distribution of Profits to EB-5 Limited Partners in an amount equal to 0.25% of each EB-5 Limited Partner's initial Capital Contribution. If Available Cash Flow is insufficient to pay all amounts due as Preferred Return hereunder at the end of any year, the unpaid balance thereof shall continue to accrue until the end of the next year, and from year to year until there is Available Cash Flow sufficient for payment in full of the Preferred Return. The ability of the Partnership to pay the Preferred Return is reliant upon the performance of the Partnership's investments and is therefore not guaranteed.

"*Profits*" and "*Losses*" mean, for each fiscal year, an amount equal to the Partnership's taxable income or loss for such year, determined in accordance with Code Section 703(a) (including all items required to be stated separately) with the following adjustments: (a) Any income exempt from federal income tax shall be included; and (b) Any expenditures of the Partnership described

in Code Section 705(a)(2)(B) (including expenditures treated as such pursuant to Treas. Reg. Section 1.704-1(b)(2)(iv)(i)) shall be subtracted.

"Property" or the "Partnership Property" means all real and personal property of the Partnership.

"Qualifying Investment" means an investment that will generate full-time employment positions, either directly or indirectly, for not fewer than ten U.S. workers per EB-5 Limited Partner whose Capital Contributions have been so applied.

"*Regional Center*" means South Atlantic Regional Center, a Florida limited liability company of 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432. The Regional Center is an entity that has been approved by the USCIS as a designated regional center under the EB-5 Pilot Program, and is the sponsor of the Project.

"*Regulations*" or "*Treas. Reg.*" means the income tax regulations promulgated under the Code as amended from time to time (including corresponding provisions of succeeding regulations).

"*Transfer*" means — when used as a noun — any sale, hypothecation, pledge, assignment, gift, bequest, attachment, or other transfer, including transfers by operation of law, and — when used as a verb — means to sell, hypothecate, pledge, assign, give, bequeath, or otherwise transfer.

"Units" means limited partnership units representing each Partner's undivided interest in the capital of the Partnership.

"USCIS" means the United States Citizenship and Immigration Services.

"Voluntary Withdrawal" means a Partner's disassociation with the Partnership by means other than a Transfer or an Involuntary Withdrawal.

ARTICLE 1 FORMATION OF THE PARTNERSHIP

1.1 **Formation of Limited Partnership.** The Partners have organized the Partnership pursuant to the provisions of the Florida Limited Partnership Act, as amended from time to time (the "Act"), under the name "Palm House Hotel, LLLP", intending the Partnership to be a limited partnership under the Act. Except as otherwise provided herein, all rights, liabilities and obligations of the Partners shall be as provided in the Act.

1.2 **Principal Place of Business and Agent for Service.** The principal place of business of the Partnership shall be 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432, or at such other place in the State of Florida as may be designated by the General Partner. The Agent for Service of Process of the Partnership in the State of Florida is Joseph J. Walsh until otherwise determined by the General Partner.

1.3 **Purposes.** The purposes of the Partnership shall be to engage in any lawful acts or activities for which limited liability companies may be formed under the Act. Without limiting the foregoing, the Partnership was for formed for the purpose of investing in Qualifying Investments under the EB-5 Pilot Program.

1.4 **Duration of the Partnership.** The Partnership shall commence on the date on which its Certificate of Limited Partnership was accepted and filed by the Florida Secretary of State, and shall continue in perpetuity until dissolved in accordance with this Agreement.

ARTICLE 2 CAPITALIZATION

2.1 Units; Initial Capital Contributions.

2.1.1 Each Partner's undivided interest in the capital of the Partnership shall be represented by Units. Each Limited Partnership Unit shall represent an interest in the capital of the Partnership and shall be identical in all respects to every other Limited Partnership Unit. Notwithstanding the foregoing, only EB-5 Limited Partners shall be entitled to Preferred Returns. Each General Partnership Unit shall represent an interest in the capital of the Partnership and shall be identical in all respects to every other Capital of the Partnership and shall be identical in all respects to every other General Partnership Unit. General Partnership Units and Limited Partnership Units shall have the relative rights and preferences accorded General Partners and Limited Partners set forth in this Agreement and the Act.

2.1.2 The Partnership shall be capitalized by each Partner contributing his or her Capital Contribution set forth on <u>Schedule A</u> attached hereto, with such Partner receiving, in exchange therefor, the Units set forth therein. The Capital Contribution of EB-5 Limited Partners shall be placed in escrow in accordance with that certain escrow agreement signed by EB-5 Limited Partners simultaneously herewith ("Escrow Agreement").

2.1.3 Together with his/her Capital Contribution, each EB-5 Limited Partner shall also concurrently make a Forty Thousand Dollar (US \$40,000.00) payment to the Partnership as an administrative fee (the "Administrative Fee") to pay the costs and expenses incurred in connection with the organization of the Partnership, negotiation of the Loan, and placement of the Units. The Administrative Fee shall not be considered a Capital Contribution to the Partnership.

2.1.4 An EB-5 Limited Partner shall be conditionally accepted to the Partnership upon receipt by the Partnership of his/her Capital Contribution and the Administrative Fee. The Capital Contribution shall be released from escrow and delivered to the Partnership upon the USCIS approval of the Form I-526 petition for such conditionally accepted EB-5 Limited Partner, in accordance with the Escrow Agreement. Upon release of the Capital Contribution to the Partnership, an EB-5 Limited Partner shall be admitted to the Partnership.

2.1.5 A Partner shall not have the right to demand or receive the return of such Partner's Capital Contribution except as otherwise expressly provided herein. The Partners shall have no obligation to make additional Capital Contributions. The Partners may make an additional Capital Contribution to the Partnership upon consent of the General Partner. No interest shall be paid on Capital Contributions.

2.1.6 Interest will be charged by the Partnership to a Partner on the sum of any deemed distributions charged to such Partner's Capital Account from obligations to the Partnership

arising under Section 4.8 concerning federal income tax withholding. The interest charged will be computed on a calendar year compounded basis at a rate equal to two percent above the prime rate of interest from time to time announced by Bank of America, or its successors, to be its "prime rate," such interest to be collected by reduction of any distributions payable to the Partner immediately following the calculation of the year's interest by the General Partner. To the extent that there are no distributions against which the interest can be applied, then the interest will be charged to the Partner's Capital Account. This Section 2.1.4 will survive the termination of a Partner's status as a Partner.

2.1.7 No Partner shall have any right to withdraw or make a demand for the withdrawal of any of such Partner's Capital Contribution (or the capital interest reflected in such Partner's Capital Account) until the full and complete winding up and liquidation of the Partnership. No Partner shall have the right to demand Partnership Property.

2.1.8 Loans or advances by any Partner to the Partnership can only be made after and in addition to a Partner's initial Capital Contribution. Loans or advances by any Partner to the Partnership shall not be considered additional Capital Contributions and shall not increase the Capital Account of the lending or advancing Partner. No Partner shall be required to lend any cash or property to the Partnership.

2.2 **Capital Accounts.**

2.2.1 The Partnership shall establish and maintain Capital Accounts ("Capital Accounts") for each Partner in accordance with the Code, applicable Regulations, and the provisions hereof. Except as required by the Code, the Capital Account of each Partner shall consist of his Capital Contribution, as increased by any contribution of capital subsequent to his original Capital Contribution, and by such Partner's share of Partnership income and gain allocated after the date hereof to such Partner, and as decreased by the amount of all cash and the fair market value of all property and assets distributed to such Partner, the amount of all losses allocated after the date hereof to such Partner, and any amounts charged under Section 4.8 to such Partner.

2.2.2 The provisions of this Article 2 as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of profits, losses, income, gain and credit to have substantial economic effect under the Regulations promulgated under the Code, in light of the distributions and the Capital Contributions made pursuant hereto. All allocations of items that cannot have economic effect (including credits and nonrecourse deductions) shall be allocated to the Partners in accordance with their respective Percentage Interests. Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation.

2.2.3 The Capital Account of a transferring Partner shall become the Capital Account of the transferee to the extent it relates to the Units transferred.

ARTICLE 3 ALLOCATIONS AND DISTRIBUTIONS

3.1 Allocation of Profits and Losses. Profits and Losses for each fiscal year shall be allocated among Partners in the following order and priority: (a) First, to Partners in accordance with their Adjusted Capital Contributions, payable in proportion to the unpaid amounts thereof; and (b) The balance, to Partners in accordance with their respective Percentage Interests.

To the extent the allocations of profits and losses otherwise provided under this Agreement are not made in accordance with a Member's Interest in the Company within the meaning of Code Section 704, the allocations shall be made to the appropriate Members in the necessary and required amounts in order to comply with Code Section 704(b). The General Partner shall be authorized to make appropriate amendments to the allocations of items pursuant to this Section 3.1 if necessary, in the discretion of the General Partner, in order to comply with Code Section 704 or applicable Regulations thereunder; provided that no such change shall have a material adverse effect upon the amount distributable to any Member hereunder.

In the event Members are admitted to the Company pursuant to this Agreement on different dates, the Company Profits (or Company Losses) allocated to the Members for each Fiscal Year during which Members are so admitted shall be allocated among the Members in proportion to their Percentage Interests during such Fiscal Year in accordance with Section 706 of the Code, using any convention permitted by law and selected by the Manager.

3.2 **Limitation on Allocation of Losses.** Notwithstanding the foregoing, the Losses allocated pursuant hereto shall not exceed the maximum amount of Losses that can be so allocated without causing any Partner to have a Deficit Capital Account at the end of any fiscal year. In the event some but not all of the Partners would have a Deficit Capital Account as a consequence of an allocation of Losses pursuant hereto, the limitation set forth in this Section 3.2 shall be applied on a Partner by Partner basis so as to allocate the maximum permissible Losses to each Partner under Regulation Section 1.704- 1(b)(2)(ii)(d).

3.3. **Deficit Capital Accounts at Liquidation.** Partners shall have no liability to the Partnership, to the Partners, or to the creditors of the Partnership on account of any deficit balance in their Capital Accounts upon liquidation of the Partnership, provided, however, that any Partner for whom any charges have been made to his Capital Account by reason of the obligations described in Section 4.8 is required to pay to the Partnership the amount of any negative balance in his Capital Account, but such payment shall not exceed the obligations under Section 4.8. This Section 3.3 will survive the termination of a Partner's status as a Partner. A Partner must also pay any attorneys' or accountants' fees actually and reasonably incurred by the Partnership or the General Partner in collecting amounts under this provision from any Partner.

3.4 **Distributions.** The General Partner shall determine the timing, amount, if any, and form (cash or property) of all distributions to Partners in its sole discretion and notwithstanding any other provision of this Agreement.

3.4.1 **Available Cash Flow.** Subject to the limitations set forth in Section 3.5, Available Cash Flow shall be distributed on an annual basis, as follows:

(a) to Partners in amounts required by Section 3.6, Mandatory Distributions;

(b) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's accrued unpaid Preferred Return, less any amounts then due and owing by such EB-5 Limited Partner to the Partnership, including his/her Additional Administrative Fees;

(c) then to EB-5 Limited Partners pro rata in accordance with each EB-5 Limited Partner's Adjusted Capital Contribution in an amount up to each EB-5 Limited Partner's Adjusted Capital Contribution;

(d) then to Partners other than EB-5 Limited Partners pro rata in accordance with such Partners' Adjusted Capital Contribution in an amount up to each such Partner's Adjusted Capital Contribution; and

(e) then to the General Partners in accordance with their respective Percentage Interests.

3.4.2 **Net Proceeds from a Capital Event or from Dissolution.** The Net Proceeds from a Capital Event and/or a distribution resulting from the dissolution of the Partnership shall be distributed in the same manner as Available Cash Flow, as set forth in 3.4.1 above. Net Proceeds from a Capital Event and/or a distribution from the dissolution of the Partnership shall be distributed to Partners within 120 days of such Capital Event or dissolution of the Partnership.

3.5 **Limitation on Distributions.** Notwithstanding any other provision of this Article 3, the Partnership shall not make a distribution:

3.5.1 To the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the Partnership, other than liabilities to Partners on account of their Partnership Interests, exceed the fair value of the assets of the Partnership.

3.5.2 To EB-5 Limited Partners to the extent that such distributions result in their Capital Accounts being less than the EB-5 Minimum Capital Requirement. After the approval of any individual EB-5 Limited Partner's I-829 application by USCIS, the foregoing restriction shall no longer apply.

3.5.3 To the extent that such distribution is prohibited under the Act.

3.6 **Mandatory Distributions.** The Partnership shall make distributions from Available Cash Flow to Partners for the payment of taxes incurred by such Partner as a result of allocation of Profits to such Partner by the Partnership. The amount distributable with respect to any year shall be equal to the aggregate amount of U.S. Federal, state and local income taxes payable by the Partners with respect to the taxable income of the Partnership, assuming, for purposes of determining the amount of such distribution, that each Partner will be taxed on the net amount set forth in the Partner's respective K-1 at the highest marginal individual Federal income tax rate for such year, and at the highest marginal individual state and local income tax rates applicable to any Partner for each such taxable year. Such distributions shall be made within 90 days of the end of the Partnership's fiscal year or such other time or times as may be determined by the General Partner.

3.7 **Record Date.** All items of Partnership income, gain, loss and deduction shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Partnership to have been Partners as of the last day of the taxable year for which the allocation or distribution is to be made. Notwithstanding the foregoing, if any Units in the Partnership shall be transferred during a taxable year, items of Partnership income, gain, loss and deduction for such period shall be allocated among the original Partners and the successor on the basis of the number of days each was a Partner during such period; provided, however, that if the Partnership has any extraordinary non-recurring items for the taxable year in which the transfer of Units occurs, such period shall be segregated into two or more segments in order to account for income, gain, loss, deductions or proceeds attributable to such extraordinary non-recurring items of the Partnership.

ARTICLE 4 MANAGEMENT

4.1 The General Partner. The business and the affairs and all powers of the Partnership shall be exercised exclusively by the General Partner. The General Partner may resign at any time. In the event of resignation of the General Partner, the remaining Partners shall elect one or more new General Partners by the vote of a Majority-In-Interest of the remaining Partners. If the General Partner is an individual, upon the death or incapacity of the General Partner, the personal representative of the General Partner shall appoint a new General Partner. If the General Partner is a legal entity, upon the liquidation or termination of the General Partner the remaining Partners shall elect one or more new General Partners by the vote of a Majority-In-Interest of the remaining Partners shall elect one or more new General Partners by the vote of a Majority-In-Interest of the remaining Partners shall elect one or more new General Partners by the vote of a Majority-In-Interest of the remaining Partners shall elect one or more new General Partners by the vote of a Majority-In-Interest of the remaining Partners.

4.2 Authority and Powers of the General Partner. The General Partner shall have the exclusive right and power to manage, operate and control the Partnership and to do all things and make all decisions necessary or appropriate to carry on the business and affairs of the Partnership. In addition to the specific rights and powers herein granted to the General Partner, the General Partner shall possess and enjoy and may exercise all the rights and powers of a General Partner under the Act, including the full and exclusive power and authority to act for and to bind the Partnership. The scope of the General Partner's power and authority shall encompass all matters connected with or incident to the business of the Partnership, including but not limited to the power and authority:

4.2.1 To spend and or invest the capital and revenue of the Partnership to maximize return to the Partnership, including the acquisition of the Partnership Property;

4.2.2 To manage, sell, develop, purchase, mortgage, improve, operate and dispose of Partnership Property;

4.2.3 To employ persons, firms and/or corporations for the sale, operation, management, syndication and development of Partnership Property, including but not limited to sales agents, broker-dealers, attorneys and accountants;

4.2.4 To employ agents, attorneys, accountants, engineers and other consultants or contractors who may be Affiliates of a Partner or the General Partner; however, any employment of such persons must be on terms not less favorable to the Partnership than those offered by unaffiliated persons for comparable services in the same area;

4.2.5 To acquire and or sell Partnership Property or property in which the Partnership has an interest, lease real property, borrow on a secured or unsecured basis in the name of the Partnership, grant Partnership Property as security for a loan to the Partnership;

4.2.6 To hire and fire employees, and appoint agents/representatives to manage the day-to-day operations of the Partnership;

4.2.7 To execute, acknowledge and deliver any and all instruments to effectuate any of the foregoing powers and any other powers granted to the General Partner under the laws of the State of Florida or other provisions of this Agreement, and to take all other acts necessary, appropriate, or helpful for the operation of the Partnership business;

4.2.8 To enter into such agreements and contracts with parties and to give such receipts, releases and discharges, with respect to the business of the Partnership, which the General Partner, in its sole discretion, deems necessary or appropriate to own, sell, improve, operate and dispose of Partnership Property or to effectively and properly perform its duties or exercise its powers hereunder;

4.2.9 To purchase, at the expense of the Partnership, such liability and other insurance as the General Partner, in its sole discretion, deems advisable to protect the Partnership's assets and business; however, the General Partner shall not be liable to the Partnership or the other Partners for failure to purchase any insurance, including earthquake insurance, unless such act or omission constitutes gross negligence or willful misconduct;

4.2.10 To sue and be sued, complain, defend, settle, and/or compromise, with respect to any claim in favor of or against the Partnership, in the name and on behalf of the Partnership; and

4.2.11 To grant Partnership Property as security for a loan to the Partnership, and sign all documents required to grant such security interests in Partnership property, without the signatures or consents of the Partners provided that such borrowing is in furtherance of the purpose of the Partnership.

4.3 **Liability of the General Partner.** A General Partner shall not have any liability to the Partnership or to any Partner for any mistakes or errors in judgment, or for any act or omission

believed in good faith to be within the scope of authority conferred by this Agreement. A General Partner shall be liable only for acts and/or omissions involving intentional wrongdoing. Actions or omissions taken in reliance upon the advice of legal counsel that they are within the scope of a General Partner's authority hereunder shall be conclusive evidence of good faith; provided, however, a General Partner shall not be required to procure such advice to be entitled to the benefit of this subparagraph.

4.4 **Time Devoted to Partnership; Other Ventures.** The General Partner shall devote so much of their time to the business of the Partnership as in its judgment the conduct of the Partnership's business reasonably requires. The General Partner may engage in business ventures and activities of any nature and description independently or with others, whether or not in competition with the business of the Partnership, and neither the Partnership nor any of the other Partners shall have any rights in and to such independent ventures and activities or the income or profits derived therefrom by reason of the acquisition of Units.

4.5 **Books and Records.**

(a) The General Partner shall maintain or cause to be maintained complete and accurate books of account (containing such information as shall be necessary to record allocations and distributions), and make such records and books of account available for inspection by any Partner, or any Partner's duly authorized representative, during regular business hours and at the principal office of the Partnership, upon reasonable notice and for any purpose related to his or her ownership of Units.

(b) Within sixty (60) days after the end of each calendar year, there shall be prepared and distributed to all Partners reasonable tax-reporting information, in sufficient detail to enable such Partner to prepare such Partner's federal, state and local income tax returns.

(c) Within ninety (90) days after the end of each calendar year, there shall be prepared and distributed to each Partner, a balance sheet, and a report of the receipts, disbursements, net profits and losses, and cash flow of the Partnership, and the share of the net profits and losses and cash flow of each Partner for such calendar year. Such balance sheet and report shall be prepared by the Partnership's accountant in accordance with the method of accounting used by the Partnership for tax purposes.

4.6 **Tax Returns.** The taxable year of the Partnership shall be the calendar year. The General Partner shall, at Partnership expense, cause the Partnership to prepare and file all tax returns required to be filed by the law for each fiscal year of the Partnership.

4.7 **Tax Elections and Adjustments.** The General Partner is authorized to cause the Partnership to make, forego or revoke such elections or adjustments for federal income tax purposes as it deems necessary or advisable in its sole discretion, provided such elections or adjustments are consistent with federal income tax rules and principles, including but not limited to, in the event of a transfer of all or part of the Units of any Partner, an election pursuant to Section 754 of the Code to adjust the basis of the assets of the Partnership or any similar

provision enacted in lieu thereof. The Partners will, upon request, supply any information necessary to properly give effect to any such election or adjustment.

4.8 **Federal Income Tax Withholding.** The General Partner is authorized to withhold any sums required by the Internal Revenue Code even if such withholding conflicts with any of the terms and conditions of this Agreement or otherwise affects distributions, allocations or payments to the Partners. In the event that the General Partner learns of a withholding obligation subsequent to the distribution to which the withholding obligation relates, the General Partner will issue an invoice to the Partner. If the invoice is not paid within sixty (60) days, the General Partner will charge the amount against the Partner's Capital Account. This Section will survive the termination of a Partner's status as a Partner.

ARTICLE 5 INDEMNIFICATION

5.1 **Third Party Actions.** The Partnership may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Partnership) by reason of the fact that he is or was a partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a partner, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Partnership and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Partnership and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

5.2 **Derivative Actions.** The Partnership may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit, including all appeals, by or in the right of the Partnership to procure a judgment in its favor by reason of the fact that he is or was a limited partner or general partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a member, General Partner, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Partnership, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Partnership unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of

liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

5.3 **Rights After Successful Defense.** To the extent that a Partner, General Partner, officer or employee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 5.1 or 5.2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

5.4 **Other Determination of Rights.** Except in a situation governed by Section 5.3, any indemnification under Section 5.1 or 5.2 (unless ordered by a court) shall be made by the Partnership only as authorized in the specific case upon a determination that indemnification of the Partner, General Partner, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 5.1 or 5.2. Such determination shall be made by the General Partner.

5.5 **Advances of Expenses.** Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals), or threat thereof, may be paid by the Partnership in advance of the final disposition of such action, suit or proceeding as authorized by the General Partner upon receipt of an undertaking by or on behalf of the Partner, General Partner, officer or employee, to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Partnership.

5.6 **Nonexclusiveness; Heirs.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under the Certificate of Limited Partnership, or any agreement, any insurance purchased by the Partnership, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Partner, General Partner, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

5.7 **Purchase of Insurance.** The Partnership may purchase and maintain insurance on behalf of any person who is or was a Partner, General Partner, officer or employee of the Partnership, or is or was serving at the request of the Partnership as a General Partner, officer or employee of another company, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Partnership would have the power to indemnify him against such liability under the provisions of this Article or of the Act.

ARTICLE 6 EXPENSES

6.1 **Partnership Expenses.** The Partnership shall pay all costs and expenses related to the conduct of its business, including those relating to investing in Qualifying Investments, which may include, but are not limited to: (1) All costs of personnel employed by the Partnership or

performing services for the Partnership; (2) All costs of borrowed money including repayment of advances to the Partnership made by a Partner; (3) All administrative costs, including fees charged by the Regional Center in connection with administration of the Project, legal, audit, accounting, brokerage and other fees; (4) Printing and other expenses and taxes incurred in connection with the issuance, distribution, transfer, registration and recording of documents evidencing ownership of Units of the Partnership or in connection with the business of the Partnership; (5) Fees and expenses paid to contractors, mortgage bankers, brokers and services, leasing agents, consultants, on-site General Partners, real estate brokers, insurance brokers and other agents, including Affiliates of the Partnership, the General Partner or any Partner: (6) Expenses in connection with the acquisition, preparation, operation, improvement, development, disposition, replacement, alteration, repair, remodeling, refurbishment, leasing, and financing and refinancing of Partnership property; (7) The cost of insurance obtained in connection with the business of the Partnership; (8) Expenses of organizing, revising, amending, converting, modifying or terminating the Partnership; (9) Expenses in connection with distributions made by the Partnership to, and communications and bookkeeping and clerical work necessary in maintaining relations with, Partners; (10) Expenses in connection with preparing and mailing reports required to be furnished to Partners for required tax reporting, or other purposes which the General Partner deems appropriate; (11) Costs incurred in connection with any litigation, including any examination or audits by regulatory agencies; and (12) Costs of preparation and dissemination of informational material and documentation relating to potential sale, refinancing or other disposition of Partnership property.

ARTICLE 7 PARTNERS

7.1 **Partners.** The General Partner shall at all times maintain a current and a past list setting forth (in alphabetical order) the full name, last known mailing address (including full street number), the class and number of Units, and Percentage Interest of each current and former Partner of the Partnership. The names, full residential addresses, number of Units, and Percentage Interest of the initial Partners of the Partnership are as reflected on <u>Schedule A</u> of this Agreement and are hereby made a part hereof. With each change in the Partnership's Partners (or any information on <u>Schedule A</u>), the Partnership shall revise such list to reflect such changes. Partners shall have only the rights and powers set forth in this Agreement unless otherwise provided by the Act.

7.2 **General Partners.** The Partnership shall at all times have at least one General Partner, as defined by the Act, that is subject to the liabilities of a partner in a partnership without limited partners to persons other than the partnership and other partners. The sole initial General Partner shall be listed in <u>Schedule A</u> as amended from time to time.

7.3 **Limited Partners.** The Partnership shall at all times have at least one limited partner as defined by the Act. The Limited Partners of the Partnership shall be listed in <u>Schedule A</u>, as amended from time to time. The Partnership shall have two classes of limited partners unless and until one or more additional classes are authorized by the General Partner. EB-5 Limited Partners shall constitute a class of Limited Partners that shall have all of the rights of a Limited Partner set forth herein in addition to the right to Preferred Returns.

7.4 **Meetings.** Meetings of the Partners may be called only by the General Partner. Not less than seven or more than sixty days before the date fixed for a meeting of Partners, written notice stating the time and place of the meeting, and in the case of a special meeting the purposes of such meeting, shall be given by or at the direction of the General Partner. The notice shall be given by personal delivery or by mail to each Partner entitled to notice of the meeting who is of record as of the day next preceding the day on which notice is given or, if a record date therefor is duly fixed, of record as of said date; if mailed, the notice shall be addressed to the Partners at their respective addresses as they appear on the records of the Partnership. Notice of the time, place and purposes of any meeting of Partners, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Partners at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to have waived notice of such meeting.

7.5 **Quorum; Adjournment.** At any meeting of Partners, whether present in person or by proxy, a Majority-In-Interest of Partners shall constitute a quorum for such meeting; provided, however, that no action required by law or by the Certificate of Limited Partnership to be authorized or taken by a designated proportion of the Percentage Interests of the Partnership, or a particular class thereof, may be authorized or taken by a lesser proportion; and provided, further, that the holders of a majority of the Percentage Interests represented thereat, whether or not a quorum is present, may adjourn such meeting from time to time; if any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. If permitted by the General Partner, Partners may participate in any meeting through telephonic or similar communications equipment by means of which all persons participating in the meeting can hear one another, and such participation shall constitute presence in person at such meeting.

7.6 **Voting of Limited Partners.** On any matter presented by the General Partner, in its sole discretion, to the Limited Partners or any class thereof for their vote, each Limited Partner shall have one vote for each Unit owned by him. Limited Partners entitled to vote or to act with respect to Units in the Partnership may vote or act in person or by proxy. The person appointed as proxy need not be a Limited Partner. Unless the writing appointing a proxy otherwise provides, the presence at a meeting of the person having appointed a proxy shall not operate to revoke the appointment. Notice to the Partnership, in writing or in open meeting, of the revocation of the appointment of a proxy shall not affect any vote or act previously taken or authorized. The following actions shall require the approval of Limited Partners holding a majority of the then outstanding Units held by Limited Partners; and (ii) dissolution of the Company prior to the end of the fifth year after admission of the last EB-5 Limited Partner.

7.7 Action Without a Meeting. Any action which may be authorized or taken at a meeting of Partners may be authorized or taken without a meeting in a writing or writings signed by all of the Partners entitled to vote on such matter, which writing or writings shall be filed with or entered upon the records of the Partnership. A facsimile, photographic, photostatic or similar

transmission or reproduction of a writing signed by a Partner, shall be regarded as signed by the Partner for purposes of this Section.

ARTICLE 8 RESTRICTIONS ON TRANSFER

8.1 **Transfers.** No EB-5 Limited Partner may voluntarily Transfer all, or any portion of, or any interest or rights in, his/her Partnership Interest. Each EB-5 Limited Partner acknowledges the reasonableness of this prohibition in view of the purposes of the Partnership and the relationship of the Partners. The voluntary Transfer of any Partnership Interests, including Economic Interests, in violation of the prohibition contained in this Section 8.1 shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Partnership Interests are attempted to be transferred in violation of this Section 8.1 shall not be entitled to vote, receive distributions from the Partnership, or have any other rights in or with respect to the Partnership Interests. All Partners other than EB-5 Limited Partners may freely transfer his/her Units with consent of the General Partner.

8.2 **Voluntary Withdrawal.** No Limited Partner shall have the right or power to Voluntarily Withdraw from the Partnership. Any Voluntary Withdrawal in violation of this Agreement shall entitle the Partnership to damages for breach, which may be offset against the amounts otherwise distributable to such Limited Partner.

8.3 **Involuntary Withdrawal.** Immediately upon the occurrence of an Involuntary Withdrawal, the successor of the withdrawing Partner shall thereupon become an Interest Holder, but shall not become a Partner. The successor Interest Holder shall have all the rights of an Interest Holder, but shall not be entitled by reason of the withdrawal to receive in liquidation of the Partnership Interest, the fair market value of the withdrawing Partner's Economic Interest.

8.4 **Right of First Refusal.**

8.4.1 **Voluntary Transfer.** If any EB-5 Limited Partner intends to transfer his or her Units or any part thereof to any person or entity, after obtaining approval required hereunder, such Partner shall give written notice to the Partnership of his intention so to transfer. The notice, in addition to stating the fact of the intention to transfer a Partnership Interest, shall describe (i) the Partnership Interest to be transferred, (ii) the name, business and residence address of the proposed transferee, (iii) whether or not the transfer is for valuable consideration, and (iv) if so, the amount of the consideration and the other terms of the sale. The Partnership shall promptly send a copy of such notice to all other Partners.

8.4.2 **Partnership Option.** Within thirty (30) days after the receipt by the Partnership of the notice of intention to transfer Units, the Partnership may exercise an option, which is hereby granted by the Partner intending to Transfer his or her Units, to purchase the Units proposed to be transferred, for the price and upon the other terms hereinafter provided. The Partnership may, at its election, terminate its option period by giving a notice to the selling Partner and all other Partners that the Partnership has elected not to exercise its option granted in this Section 8.4.2.

8.4.3 General Partner Option. In the event that the option granted to the Partnership in Section 8.4.2 is not exercised in its entirety, then the remaining General Partner(s) of the Partnership may, within the earlier of (i) sixty (60) days from receipt of notice of intention to transfer from the transferring General Partner, or (ii) thirty (30) days from receipt of notice that the Partnership has elected not to exercise its option, exercise an option which is hereby granted, to purchase all of the Units for the price and upon the other terms hereinafter provided. If more than one General Partner exercises the option hereunder, such General Partners (hereinafter, the "Participating General Partners") shall be entitled to purchase a proportion of the Units proposed to be transferred determined by a fraction, the numerator of which shall be equal to the units owned by each such Participating General Partner and the denominator of which shall be equal to the aggregate Units owned by all Participating General Partners. The option granted to the General Partners in this Section 8.4.3 shall expire at the end of the option period herein granted if options for all of the Units are not exercised by the last date of such option period.

8.4.4 **Limited Partner Option.** In the event that the option granted to the Partnership in Section 8.4.2 is not exercised in its entirety, and the option granted to the General Partner in Section 8.4.3 is not exercised in its entirety, then the remaining Limited Partners of the Partnership may, within the earlier of:

(i) seventy five (75) days from receipt of notice of intention to transfer from the transferring Partner, or

(ii) thirty (30) days from receipt of notice that the General Partners have elected not to exercise their option, exercise an option which is hereby granted, to purchase all of the Units for the price and upon the other terms hereinafter provided. If more than one Limited Partner exercises the option hereunder, such Limited Partners (hereinafter, the **''Participating Limited Partners''**) shall be entitled to purchase a proportion of the Units proposed to be transferred determined by a fraction, the numerator of which shall be equal to the Units owned by each such Participating Limited Partner and the denominator of which shall be equal to the aggregate Units owned by all Participating Limited Partners, or such other proportion of such Units as shall be agreed upon in writing by all Participating Limited Partners. The option granted to the Limited Partners in this Section 8.4.4 shall expire at the end of the option period herein granted if options for all of the Units are not exercised by the last date of such option period.

8.4.5 **Involuntary Transfer.** If a Partner's Units are transferred by operation of law to any person (such as, but not limited to, a deceased Partner's estate, a Partner's trustee in bankruptcy, a purchaser at any creditor's or court sale or the guardian or conservator of an incompetent Partner), the Partnership within forty-five (45) days of the receipt by it of actual notice of the transfer may exercise its option, which is hereby granted, and, if not exercised by the Partnership, the General Partners within sixty (60) days of the receipt of actual notice of the transfer may exercise their respective options, which are hereby granted, and if not exercised by the General Partner, the Limited Partners within seventy-five (75) days of receipt of actual notice of the transfer may exercise their respective options, which are hereby granted to purchase the

Units so transferred for the price determined pursuant to Section 8.4.9 below and in the same manner as provided in Sections 8.4.2, 8.4.3 and 8.4.4 with respect to Units proposed to be transferred.

8.4.6 **Exercise of Options.** The purchase options granted in this Section 8.4 shall be exercised by delivery of written notice of exercise within the time periods provided in said section to the transferring Partner and/or the proposed transferee in the case of a transfer pursuant to Section 8.4.2, 8.4.3 or 8.4.4, as the case may be.

8.4.7 **Failure to Exercise Option.** If the purchase options are not exercised in compliance with this Section 8.4, then the Units may be transferred to the proposed transferee named in the notice required by Section 8.4.1, and upon the terms therein stated, or to the transferee in the case of an Involuntary Withdrawal, within thirty (30) days after the expiration of the option period granted in Section 8.4.4. In the case of a Transfer as the result of an Involuntary Withdrawal, unless otherwise prohibited therein, the Units, after the expiration of the option periods set forth therein shall, in the hands of the transferee, be subject to the provisions of this Agreement. A subsequent transferee under Section 8.4 shall thereafter be subject to the terms of this Agreement as if such transferee had originally executed it. Unless and until admitted as a Partner, any transferee of any Partnership Interest or portion thereof, shall be merely an Interest Holder and subject to the terms of this Agreement.

8.4.8 **Transfers Not in Compliance with this Section.** If a Transfer is not upon the terms or is not to the transferee stated in the notice required of the transferring Partner by Section 8.4.1, or is not within the time periods provided, or the transferor, after the transfer, reacquires the transferred Partnership Interest, the Partnership Interest transferred shall remain subject to this Partnership Agreement as if no transfer had been made.

8.4.9 Fair Market Value.

8.4.9.1 The value of each Unit to be purchased and sold upon exercise of the option granted in Section 8.4.5 shall be its Fair Market Value determined pursuant to an independent appraisal performed by an independent appraisal firm qualified in valuing interests in comparable companies in the same industry to determine the Fair Market Value and to prepare a written appraisal of any Units to be repurchased upon exercise of the option granted in Section 8.4.5. Without limiting the appraiser's consideration of any particular relevant fact in preparing its appraisal, the appraiser shall take into account (i) the criteria discussed in the previous sentence in determining the Fair Market Value of any Units (or portion thereof), (ii) the fact that only the Economic Interest is being transferred, if applicable, and (iii) in such a case, the transferring Partner's death. The Fair Market Value of the Units shall be determined as of the last day of the month preceding the month in which the transfer of the Partnership Interest occurred, unless the transfer shall have occurred within three (3) months prior to or within three (3) months after the end of a fiscal year of the Partnership, in which case Fair Market Value shall be determined as of the last day of the last day of such fiscal year.

8.4.9.2 In the event the transferee disagrees with the Fair Market Value determined by the independent appraiser pursuant to Section 8.4.9.1, such transferee shall notify the remaining

Partners in writing within thirty (30) days after such transferee receives the notice from remaining Partners of the determination of Fair Market Value prescribed in Section 8.4.8.1 above. If the remaining Partners and such transferee cannot agree on such Fair Market Value within thirty (30) days after the receipt by the remaining Partners of the transferee's notice disagreeing with such determination, then the issue shall be referred to two (2) appraisers, one of which shall be the remaining Partner's existing appraiser and one of which shall be selected by the transferee. If such appraisers cannot agree upon a Fair Market Value within thirty (30) days after they are appointed as provided for above, then the issue shall be referred to an appraiser selected by the appraisers selected by the remaining Partners and the transferee. The parties to the dispute shall cause such additional appraiser to render within thirty (30) days after its appointment a decision regarding the Fair Market Value, such decision shall be binding on the parties to the dispute for the purpose of this Section 8.4.9.

8.4.9.3 The Partnership shall bear the fees and expenses of the appraiser selected by the remaining Partner under Section 8.4.9.1. The Partnership shall also bear the fees and expenses of the appraiser selected by the transferee and the additional appraiser selected under Section 8.4.9.2 in the event the Fair Market Value finally determined pursuant to Section 8.4.9.2 is more than 10% greater than the Fair Market Value initially proposed by the remaining Partners (or an appraiser chosen by the General Partner under Section 8.4.9.2); and, provided, further, however, that if the Fair Market Value of the Units of more than one transferring Partner is the subject of any appraiser's determination under this Section 8.4.9, then each transferee shall pay his or her pro rata share (based upon the Fair Market Value of all such transferees' interests) of the fees and expenses, if any, required to be borne by such transferees under this Section 8.4.9.

8.4.9.4 Notwithstanding anything to the contrary herein, no payment of the purchase price under this Article 8 may be made to any selling Partner or his or her legal representatives to the extent the remaining Partners determine that (a) such payment would cause an event of default or potential event of default to occur under the terms of any credit agreement to which the Partnership is a party, (b) the Partnership is unable to fund such payment out of available cash or secure reasonable financing to make such payment, or (c) such payment would otherwise have a materially negative impact on the Partnership or its business. In such circumstance, the Partnership agrees that it shall use its good- faith efforts to (a) have such default or potential event of default waived with respect to such payment, (b) secure such reasonable financing, or (c) pay that portion of such payment that does not cause a materially negative impact on the Partnership or its business and pay the remainder of any such payment as soon as practicable without causing such a materially negative impact. In addition, each selling Partner hereby agrees and acknowledges that the right to receive any payment of purchase price shall be forfeited by such selling Partner if prior to the making of such payment the remaining Partners determine that the selling Partner has breached the terms of this Partnership Agreement (which breach remains uncured).

8.4.10 **Purchase Price.** The price of each Unit to be purchased and sold under this Agreement shall be as follows:

8.4.10.1 A purchase of Units pursuant to the options granted under Sections 8.4.2, 8.4.3 or 8.4. shall be the consideration set forth in the notice required of a selling Partner by Section 8.4.1.

8.4.10.2 Subject to 8.4.10.3, a purchase of Units pursuant to the option granted under Section 8.4.5 shall be for a price equal to one hundred (100%) percent of the Fair Market Value of Units established under Section 8.4.9.

8.4.10.3 Notwithstanding the foregoing, or any other terms of this Agreement, a purchase of Units of an EB-5 Limited Partner pursuant to the option granted under Section 8.4.5 shall be for a price equal to the sum of such EB-5 Limited Partner's Adjusted Capital Contribution and accrued unpaid Preferred Returns less any amounts due to the Partnership by the EB-5 Limited Partner.

8.4.11 **Closing; Payment of the Purchase Price.** The purchase price for Units shall be paid in cash. Unless otherwise agreed by the parties, the closing of the sale and purchase of Units shall take place on the later of thirty (30) days after the delivery to the selling Partner or the transferee of the written notice by the Partnership of its exercise of the option to purchase the selling Partner's Units or thirty (30) days after the date on which Fair Market Value is determined pursuant to Section 8.4.9 above.

8.5 **Effect of Assignment.** A Partner shall cease to be a Partner of the Partnership and to have the power to exercise any rights or powers of a Partner upon transfer of all of the Partner's Units in the Partnership.

8.6 **Rights of Interest Holders.** Interest Holders have no voting rights in the Partnership and are only entitled to the Economic Interest attributable to the Units transferred, subject to the terms and conditions of this Agreement.

8.7 Admission of Additional Partners. A Person may be admitted as a Partner and, upon such admission, shall be admitted to all the rights of a Partner upon approval of the General Partner. The General Partner may grant or withhold the approval of such admission in their sole and absolute discretion. If so admitted, such newly admitted Partner shall have all the rights and powers and be subject to all the restrictions and liabilities of the Partnership Interest assigned. The admission of an Interest Holder to Partnership, without more, shall not release the Partner originally assigning the Partnership Interest from any liability to the Partnership that may have existed prior to the admission of the Interest Holder as a Partner of the Partnership. No Partners admitted after the date of this Agreement shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Partnership. The General Partner may, at the time a Partner is admitted, close the books and records of the Partnership (as though the Fiscal Year had ended) or make pro rata allocations of loss, income and expense deductions to such Partner for that portion of the Fiscal Year in which such Partner was admitted in accordance with the Code.

ARTICLE 9 TERMINATION

9.1 **Termination of Interest.** The Partnership Interest of each EB-5 Limited Partner shall be terminated by (a) dissolution of the Partnership as provided in this Agreement and distribution of

the proceeds of liquidation in accordance herewith; (b) the Agreement of an EB-5 Limited Partner, or his/her personal representative, and the General Partners; or (c) the return of the Capital Contributions and payment of all accrued unpaid Preferred Returns to such EB-5 Limited Partner.

ARTICLE 10 DISSOLUTION AND WINDING UP

10.1 **Termination of the Partnership.** The Partnership shall be terminated and dissolved upon the first to occur of the following: If the Partnership then has any EB-5 Partners (a) upon vote of a Majority-In-Interest of the Partners; or (b) upon the sale of all or substantially all the assets of the Partnership; and if there are then no EB-5 Partners of the Partnership (a) upon vote of the General Partner, or (b) upon sale of all or substantially all of the assets of the Partnership.

10.2 Winding Up. Upon the termination of the Partnership pursuant to Section 10.1 above, a full and general accounting shall be taken of the Partnership's business, and the affairs of the Partnership shall be wound up. Any profits earned or losses incurred since the last previous accounting shall be allocated among, or borne by, the Partners in accordance with the provisions of Section 3.1 above. The General Partner shall wind up and liquidate the Partnership by selling the Partnership's assets, or by distributing such assets in kind, subject to the Partnership's liabilities, or by a combination thereof, as determined by the General Partner. The proceeds of such liquidation shall be applied and distributed in the following order of priority, by the end of the taxable year during which the liquidation occurs (or, if later, within ninety (90) days after the date of the liquidation): (a) to the payment of any debts and liabilities of the Partnership; (b) to the setting up of any reserve which the General Partner shall reasonably deem necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership, with any excess in such reserve remaining after such liabilities are satisfied to be distributed as soon as practicable in the manner hereinafter set forth; and (c) thereafter, the balance of the proceeds, if any, shall be distributed in the same manner as Available Cash Flow, after taking into account all capital account adjustments for the Partnership's taxable year during which such liquidation occurs. For purposes of this subsection, a liquidation of the Partnership shall mean a liquidation as defined in Section 1.704-1(b)(2)(ii)(g) of the Regulations.

10.3 **Statement.** The Partners shall be furnished with a statement prepared by the Partnership's accountants, which shall set forth the assets and liabilities of the Partnership as of the date of complete liquidation.

10.4 **Return of Capital Contributions.** Notwithstanding anything in this Agreement to the contrary, neither the General Partner nor any other Partner shall be personally liable for the return of the Capital Contributions of any Partner, or any portion thereof, it being expressly understood that any such return of the Capital Contributions of the Partners shall be made solely from Partnership assets.

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ARTICLE 11 DISCLOSURES AND REPRESENTATIONS

11.1 **Disclosure by Partnership.** In connection with the offer and sale of Units to Limited Partners hereunder, the Partnership hereby discloses that the Units have not been registered under the Federal Securities Act of 1933, as amended (the "**Securities Act**"), and are being offered and sold by the Partnership pursuant to one or more exemptions from registration under the Securities Act, including the exemption provided by Section 4(2) of the Securities Act, Regulation D promulgated thereunder, and exemptions available under applicable state securities laws and regulations.

Representations and Warranties of the Limited Partners. In connection with a 11.2 Limited Partner's purchase of Units in the Partnership, each Limited Partner represents and warrants, which representations and warranties shall survive the consummation of the Limited Partner's purchase of such Units, as follows: (a) the Limited Partner's principal residence is located within the country, state/province and at the address listed in Schedule A hereto; (b) the Limited Partner is aware that no market exists for the resale of Units; (c) the Limited Partner is purchasing the Units for investment and not for the distribution; (d) the Limited Partner is aware of all restrictions imposed by the Partnership on the sale or transfer of the Units, including, but not limited to, any restrictive legends appearing on the certificate(s) and/or other document(s) evidencing the Units; (e) the Limited Partner acknowledges and understands that the Partnership has been organized with the intention that it qualify for taxation as a partnership for U.S. federal income tax purposes. The Limited Partner acknowledges that the provisions of Subchapter K of the Code, and the Regulations promulgated thereunder will apply to the Partnership, and intend that the allocations of taxable income and loss, distributions to the Limited Partners and maintenance of Capital Accounts all conform to the requirements of the Code and the applicable Regulations; (f) the Limited Partner has full legal capacity to execute and agree to this Agreement and to perform his obligations hereunder; (g) the Limited Partner has duly executed and delivered this Agreement; (h) the Limited Partner's authorization, execution, delivery and performance of this Agreement do not conflict with any other material agreement or arrangement to which that Limited Partner is a party or by which he is bound or with any law or regulation to which that Limited Partner is subject; and (i) this Agreement constitutes the valid, binding and enforceable agreement of that Limited Partner, except to the extent such enforceability may be limited by the effect of bankruptcy, insolvency, reorganization, moratorium and similar laws from time to time in effect relating to the rights and remedies of creditors, as well as general principles of equity (regardless of whether considered in a proceeding in equity or in law).

ARTICLE 12 MISCELLANEOUS

12.1 **Endorsement.** Upon the execution of this Agreement, any certificate or certificates evidencing the Units in the Partnership shall be endorsed, as follows:

"The Units represented by this certificate are subject to the terms and conditions of a Limited Partnership Agreement dated as of 11/30/2012, among the original owner of record and the other partners of the Partnership. Any purchaser or

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transferee of these Units is bound by the agreement and shall be considered a party to the agreement. The Partnership will mail to the holder of this certificate, without charge, a copy of such agreement within five (5) days after receiving a written request therefor."

The foregoing endorsement shall also include such other legends and notices as the General Partner deems necessary and appropriate.

After endorsement, the certificate or certificates shall be delivered to the Partners who shall, subject to the terms of this Agreement, be entitled to exercise all rights of ownership of such Partnership Units. The Partnership agrees that it will cause a similar endorsement to be placed on all certificates hereafter issued by it and which are subject to the provisions of this Agreement.

12.2 **Tax Matters.** The General Partner shall direct Tax Matters of the Partnership, as provided in Regulations issued pursuant to Section 6231 of the Code. Each Partner, by the execution of this Agreement, consents to such designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent. The Partnership shall indemnify and reimburse the General Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Partners. The payment of all such expenses shall be made before any distributions to Partners are made by the Partnership. The taking of any action and the incurring of any expense by the General Partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the General Partner.

12.3 **Amendments.** Except as provided herein, this Agreement may be amended only with the written approval of all of the Partners.

12.4 **Notices.** All notices, consents or other instruments hereunder shall be in writing and mailed by United States mail, postage prepaid, and shall be directed to the parties hereto at the last addresses of the parties furnished by them in writing to the Partnership, and to the Partnership at its principal office. The Partnership and/or any Partner shall have the right to designate a new address for receipt of notices by notice addressed to the Partners and the Partnership and mailed as aforesaid. Such notices shall be made a permanent part of the Partnership records.

12.5 **Obligations and Rights of Transferees.** Any person who acquires in any manner whatsoever any interest in the Partnership, irrespective of whether such person has accepted and assumed in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefit of the acquisition thereof to have agreed to be subject to, and to be bound by, all the obligations of this Agreement with the same force and effect as any predecessor in interest of such person.

12.6 **Benefit and Binding Effect.** This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective next of kin, legatees, administrators, executors, legal representatives, nominees, successors and permitted assigns.

12.7 **Integration.** This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

12.8 **Governing Law.** This Agreement and the rights of all parties hereunder shall be governed by, and construed in accordance with, the laws of the State of Florida, without regard to the conflicts of laws principles thereof.

12.9 **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be considered an original when executed by one or more of the Partners.

12.10 **Reports to Limited Partners.** As soon as reasonably practicable after the date when an Limited Partner has made his/her Capital Contribution to the Partnership in full and has otherwise complied with its obligations under this Agreement, the Partnership shall provide such Limited Partner or its designated immigration counsel with the copies of the following information: (a) A copy of the USCIS letter of designation of South Atlantic Regional Center as a regional center under the EB-5 Pilot Program; (b) A copy of the approved regional center narrative proposal and business plan submitted to USCIS by the Regional Center; (c) A copy of approved econometric reports which, taken together, conclude that the investments to be made by the Partnership from the Capital Contributions of the Limited Partners are Qualified Investments - they will generate full-time employment positions, either directly or indirectly, for not fewer than ten U.S. workers per EB-5 Limited Partner whose Capital Contributions have been so applied; (d) Documented evidence that the location of the Partnership's investment of an EB-5 Limited Partner's Capital Contribution is within a "targeted employment area" as defined by the USCIS; and (e) A copy of the Partnership's Limited Partnership Agreement, including the Schedules thereto, evidencing that the EB-5 Limited Partner has invested at least the EB-5 Minimum Capital Requirement and that such investment is "at risk."

12.11 **Severability.** If any provision of this Agreement is declared by any court of competent jurisdiction to be invalid or unenforceable such invalidity or unenforceability shall not affect the remaining provisions of this Agreement. If such invalidity or unenforceability is due to the court's determination that the provision's scope is excessively broad or restrictive under applicable law then in effect, the parties hereby jointly request that such provision be construed by modifying its scope so as to be enforceable to the fullest extent of applicable law then in effect. If any provision is held to be invalid or unenforceable with respect to a particular circumstance, such provision shall nevertheless remain in full force and effect in all other circumstances.

12.12 **No Waiver.** The waiver by any party hereto of any breach of any provision of this Agreement shall not be deemed a continuing waiver, and shall not affect any subsequent breach of the same or different provisions of this Agreement.

12.13 **Further Assurances.** Subject to the terms and conditions herein provided, each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, including using all commercially reasonable efforts to remove any legal impediment to the consummation or effectiveness of such transactions and to obtain any consents and approvals required under this Agreement.

12.14 **Neutral Construction.** The construction and interpretation of any clause or provision of this Agreement shall be construed without regard to the identity of the party that prepared this Agreement, and no presumption shall arise as a result that this Agreement was prepared by one party or the other.

12.15 **Attorneys' Fees.** In the event a dispute arises regarding this Agreement, the prevailing party shall be entitled to recover all attorneys' fees and expenses incurred.

12.16 **Injunctive Relief.** Without intending to limit the remedies available to either party, each party hereby acknowledges that a breach of any of the restrictive covenants contained in this Agreement may result in material and irreparable injury to the other party for which there is no adequate remedy at law, and that it may not be possible to measure damages for such injuries with reasonable certainty. In the event of such a breach or threat thereof, a party shall be entitled to obtain a temporary restraining order and/or a preliminary injunction restraining any other party from engaging in activities prohibited by this Agreement or such other relief as may be required to specifically enforce any of the covenants in this Agreement. The parties expressly agree that it shall not be a defense in such an injunction action that a party had previously breached this Agreement.

12.17 **Representation of Counsel.** All parties acknowledge that prior to executing this Agreement, they have been advised to seek independent legal counsel. In executing this Agreement, all parties represent and warrant that they relied exclusively upon the advice of their respective independent legal counsel and are not entering into this Agreement based upon any representation of any other party or any other party's counsel.

12.18 **Jurisdiction.** Any and all legal proceedings to enforce this Agreement, or to enforce or vacate any judgment or award rendered therein, whether in contract, tort, equity or otherwise, shall be brought in the state or federal courts sitting in the district encompassing Palm Beach County, Florida, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it, and agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner specified by law.

12.19 **Force Majeure.** Neither party shall be liable for any failure or delay in performance under this Agreement (other than for delay in the payment of money due and payable hereunder) to the extent said failures or delays are proximately caused by causes beyond that party's reasonable control and occurring without its fault or negligence, including, without limitation,

failure of suppliers, subcontractors, and carriers, or party to substantially meet its performance obligations under this Agreement, provided that, as a condition to the claim of nonliability, the party experiencing the difficulty shall give the other prompt written notice, with full details following the occurrence of the cause relied upon. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused.

12.20 **Notice.** All notices, requests, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service, if personally served; (b) on the day of facsimile over telephone lines with same day first class mailing of both the original of the documents and a proof of transmission; (c) on the day after mailing if sent by express overnight air courier guaranteeing next day delivery with written evidence of delivery; or (d) five (5) days after the date of mailing if mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the parties at the addresses listed above. Each party is required to notify the other party in the above manner of any change in address.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each party has executed this Limited Partnership Agreement on the day and year written below.

GENERAL PARTNER

Date: _____

Joseph J. Walsh For South Atlantic Regional Center, LLC

LIMITED PARTNER

(Signature)

Date: _____

(Written Name)

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LOAN DOCUMENTS

Palm House, LLC 214 Brazilian Ave., Suite 200 Palm Beach, FL 33480 (561) 832-8288

Dear Sirs,

We are pleased to inform you that Palm House Hotel, LLLP ("Lender") has approved your loan request. The loan ("Loan") is being made to Palm House, LLC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480 ("Borrower") to assist in the establishment of its commercial for-profit business within the Regional Center Territory (defined below) pursuant to the U.S. EB-5 Immigrant Investor Program ("Program").

The Borrower understands that the making of the Loan described herein is dependent upon the successful offering of Units of limited partnership interests by the Lender pursuant to the Program, including approval by the United States Citizenship and Immigration Services ("USCIS") of Alien Entrepreneur Petitions (I-526) pursuant to Section 203(b)(5) of the Immigration and Nationality Act, as amended. Lender agrees to make a Loan, subject to such conditions, and on the following terms and conditions:

Regional Center Territory: Palm Beach County, Florida, USA.

Borrower:

Palm House, LLC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480.

11/30/2012

LOAN DOCUMENTS Palm House Hotel, LLLP — Palm House, LLC

1

Principal Loan Amount:	Minimum Loan Amount of \$500,000 Maximum Loan Amount of \$39,500,000				
Closing and First Advance:	The Loan shall be closed ("Closing Date") upon the date that the Minimum Loan Amount is available for advance (also referred to herein as the "First Advance").				
Term:	5 years from the First Advance ("Maturity").				
Interest Rate:	Four and 22/100ths percent (4.22%) per annum. Interest shall be computed on the basis of a 365 day year and actual days elapsed. Upon default or after judgment has been rendered on this Note, the unpaid principal of all Advances shall bear interest at a rate which is two (2%) percent per annum greater than that which would otherwise be applicable.				
Payment:	The balance of all Advances and all accrued unpaid interest thereon shall be repaid as follows:				
	(1) Borrower shall make interest only payments monthly on the balance of all Advances until the expiration of five years from the First Advance;				
	(2) Upon Maturity, Borrower shall pay the then outstanding balance of all Advances and all accrued unpaid interest thereon.				
	(3) Borrower shall make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon upon Maturity (the "Initial Term"). If Borrower cannot refinance such amounts on commercially reasonable terms, or at all, within 30 days of the expiration of the Initial Term, or any Extension Period (as defined below), Borrower may, upon written notice to Lender, and in its sole discretion, extend the Maturity date for an additional one year period (each an "Extension Period"). During each Extension Period, Borrower shall make principal and interest payments on the outstanding principal balance of all Advances and all accrued unpaid interest thereon then outstanding. Principal and interest payments shall be calculated by amortizing the balance of all Advances and all accrued unpaid interest thereon over 15 years at the Interest Rate set forth above.				
	(4) Borrower's obligation to make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon after Maturity shall				

continue thereafter until the balance of the Loan and all unpaid interest thereon is repaid in full.

- Estimated Use of Proceeds: The proceeds of this Loan will be used for Palm House, LLC to develop the Project (described in the accompanying Business Plan), in Florida.
- Pre-payment: The Borrower may not, without Lender's prior express written consent, prepay this Note prior to Maturity. Thereafter, Borrower may prepay this Note, in whole or in part, at any time, without penalty or premium, and without prior written consent of Lender.
- Collateral: The Borrower shall execute in favor of the Lender a Loan and Security Agreement and Promissory Note (altogether the "Loan Documents") and provide Lender with a security interest in all assets of the Borrower as security for the satisfaction of the Loan (collectively, the "Collateral").
- Loan Advance: The Loan shall be advanced to the Borrower from time to time as it becomes available to Lender and in accordance with the requirements of the Project (each an "Advance"). It shall be a condition of each advance that as of such time there shall not have been a material adverse change from the date of this commitment in the operations, assets or financial condition of the Borrower or its affiliates (considered as a whole).
- Job Requirement: The Borrower must create and maintain a minimum of ten (10) new full-time direct and/or indirect jobs per EB-5 investor through the end of two and one half (2.5) years from the date of the latest Advance.

The total number of direct jobs will be supplied by the Borrower. The Borrower shall provide at six (6) month intervals the most recent quarterly DE-34 Employment Reports and Form I-9 Employment Eligibility Verification forms for each new employee reported. Using the direct jobs number, as verified by these documents, the total number of indirect jobs shall be calculated using the appropriate economic model (IMPLAN or RIMS II) and resulting employment multiplier, which demonstrates that for each direct job created, additional indirect jobs are created. Reference to Borrower's Economic Analysis shall confirm indirect employment creation.

If the Borrower shall fail to repay the Loan in accordance with the terms of the Loan Agreement, Lender shall have the right, at its

Remedies:

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sole option, to declare the Loan in default and exercise remedies under the Loan Documents, including, but not limited to, foreclosure.

The Borrower shall provide to Lender semi-annual unaudited statements in connection with the operations of the Borrower, no later than 30 days after the end of each semi-annual period and shall provide unaudited, accountant reviewed financial statements no later than 120 days after the Borrower's fiscal year-end. The Borrower shall provide at six (6) month intervals the most recent quarterly DE-34 Employment Reports and Form I-9 Employment Eligibility Verification forms for each new employee reported.

Satisfaction of Conditions: The Borrower shall be obligated to draw down the Loan and shall use all reasonable best efforts to satisfy the conditions of advance thereof.

> The Note, the documentation of the Collateral and such other documents as the Lender may require shall be in form satisfactory to the Lender and supported by such legal opinions as the Lender may require.

All of Lender's reasonable costs of preparing, reviewing and recording such documents shall be to the Borrower's account.

[SIGNATURE PAGE FOLLOWS]

Reporting:

Documentation:

11/30/2012

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Palm House Hotel, LLLP

By South Atlantic Regional Center, LLC, its General Partner

By: Joseph J. X alsh Managing/Member

20/3 Dated:

ACCEPTED Palm House, LLC

By: Name: MAN Title: Manas Yor

STATE OF FLORIDA: New York

COUNTY OF PALM BEACH:

, 20_15 Dated:

On this, the <u>here</u> day of <u>fermany</u>, 20<u>13</u> before me, the undersigned officer, personally appeared <u>hyper black</u> who acknowledged himself to be the President of Palm House, LLC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480, and that he as President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as President. IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal.

Dormhald

SYLVIA ÉL'OOMFIELD Notary Public, State of New York No. 01BL6060027 Qualified in Queens County Certificate filed in New York County Certificate filed in New York County Commission Expires Auge 11, 20, 5

Notary Public My Commission Expires: June 11, 2015

LOAN AND SECURITY AGREEMENT

LOAN AND SECURITY AGREEMENT dated as of ______, 20 _____ between **Palm House Hotel, LLLP** (the "Lender") a Florida limited partnership of 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432, and **Palm House, LLC** (the "Borrower") a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480. In order to induce the Lender to advance money or grant other financial accommodations on one or more occasions to the undersigned Borrower, the undersigned Borrower represents, warrants, covenants to and agrees with the Lender as follows:

1. Definitions. For purposes of this Agreement, unless the context clearly requires otherwise, in addition to the terms defined elsewhere herein, the following terms shall have the meanings set forth below:

Advances means the Borrower's Advances with the Lender referred to in Section 2.1 infra.

Affiliate means any person and/or entity, which directly or indirectly controls, or is controlled by, or is under common control, with the Borrower.

Agreement means this Loan and Security Agreement.

Bank means any other financial institution and/or third party providing credit or account services to Borrower in connection with the property.

Collateral means the Collateral described in Section 3, infra.

Collateral Account means the account of Borrower with the Lender established under Section 8.2 (c) infra.

Control shall be deemed to exist if any person, entity or corporation, or combination thereof, shall have possession, directly and/or indirectly, of the power to direct the management and/or policies of the Borrower or any person, entity, or corporation deemed to be an Affiliate of the Borrower, and shall be deemed to include any holder of 50 % or more of any stock or other interest in the Borrower or in any person, entity or corporation deemed to be an Affiliate of the Borrower, whether such holding is direct or indirect.

Deposit means any deposits, credits, securities, interests, participations, shares, collateral or property of the Borrower at any time now or thereafter in the possession, custody, safekeeping or control of or in transit to the Bank, or any other holder for the purpose of securing Inventory financing of Borrower, and the proceeds thereof.

Deposit Accounts means all deposit accounts maintained by the Borrower with the Bank for the purpose of financing renovation, expansion, furniture and fixtures of Borrower, and the proceeds thereof.

Events of Default shall have the meaning given such term in Section 8 of this Agreement infra.

Indebtedness means the total of all obligations of the Borrower to the Lender, whether current or long-term, including without limitation, guaranties, endorsements, or other arrangements whereby responsibility is assumed for the obligations of others.

Inventory means all inventory, including, without limitation, all inventory in the possession of others or in transit, all goods held for sale or lease or to be furnished under contracts for service or which have been so furnished, and completed and unshipped merchandise, and all products and proceeds (including insurance and condemnation proceeds) of the foregoing, as defined by the Uniform Commercial Code of the State of Florida, whether presently owned or hereafter acquired.

Legal Requirements means all applicable present and future statutes, laws, ordinances, rules and/or regulations of any governmental authority, all orders, writs, injunctions, decrees and judicial decisions and all covenants which bind or materially affect the Borrower or any part of its assets.

Loan Account means the accounting as to the Loans issued by the Lender pursuant to Section 2.2 infra.

Loan Documents means the following documents collectively: (i) This Agreement; (ii) Each Promissory Note of the Borrower to the Lender, including the Note (collectively the "Notes") evidencing the indebtedness for the Loan; (iii) All other documents and instruments heretofore or hereafter executed by the Borrower in favor of the Lender relating to the Loans, including any guaranty, pledge, security and/or subordination agreement and related Uniform Commercial Code financing statements; and (iv) In each case, the term "Loan Documents" and any reference herein to any particular Loan Document shall mean and include all amendments, modifications, replacements, renewals or extensions of any and all such documents, whenever executed.

Loans means: (i) Advances evidenced by the Note; and (ii) Any other loans made by the Lender to the Borrower after the date of this Agreement.

Note means the Borrower's Promissory Note evidencing indebtedness for Advances.

Obligations means all liabilities, duties and/or obligations now or hereafter owing from the Borrower to the Lender of whatever kind or nature, whether or not currently contemplated at the time of this Agreement, whether such obligations be direct or indirect, absolute or contingent or due or to become due, including all obligations of the Borrower, actual or contingent, in respect to the letters of credit or Lender's acceptances issued by the Lender for the account of, or guaranteed by, the Borrower, including, without limitation all obligations of any partnership or joint venture as to which the Borrower is or may become, liable, which term shall include all accrued interest and/or all costs and expenses, including reasonable attorneys' fees, costs and expenses relating to the appraisal and/or valuation of assets and all reasonable costs and expenses incurred or paid by the Lender in exercising, preserving, defending, collecting, enforcing or protecting any of its rights under the Obligations or in any litigation arising out of the transactions evidenced by the Obligations.

Required Permits means all permits, licenses, approvals, consents and waivers necessary pursuant to any Legal Requirement to be obtained from, or made by, any governmental authority for the ownership by the Borrower of its assets or for the conduct of its business. *Termination Date* shall have the meaning set forth in Section 2.1 infra.

2. Loans.

2.1 Advances.

(a) Pursuant to this Agreement, and upon satisfaction of the conditions precedent in Section 5 hereof, during the period from the date hereof until the fifth anniversary of the date of the last Advance hereunder (as such date may be extended in writing from time to time, in the Lender's sole and absolute discretion, the "Termination Date"), the Lender shall make advances and the Borrower may borrow under this Agreement; provided, however, that the aggregate amount of all Advances at any one time outstanding shall not exceed \$39,500,000 USD.

(b) All Advances under this Agreement shall be evidenced by the Note, shall bear interest and shall be due and payable in full on the Termination Date.

2.2 Loan Account.

(a) The Lender shall maintain an accounting (the "Loan Account") on its books to record: (i) all Loans; (ii) all payments made by the Borrower; and (iii) all other appropriate debits and credits as provided in this Agreement with respect to the Obligations. All entries in the Loan Account shall be made in accordance with the Lender's customary accounting practices as in effect from time to time. Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by the Lender from or on behalf of Borrower, and the Borrower hereby irrevocably agrees that the Lender shall have the continuing exclusive right to apply and to reapply any and all payments received at any time or times after the occurrence and during the continuance of an Event of Default against the Obligations in such manner as the Lender may deem advisable.

(b) The balance in the Loan Account, as set forth on the Lender's most recent printout or other written statement, shall be presumptive evidence of the amounts due and owing to the Lender by Borrower; provided, however, that any failure to so record or any error in so recording shall not affect the payment of the Obligations. Any periodic statement prepared by the Lender setting forth the principal balance of the Loan Account and the calculation of interest due thereon shall be subject to subsequent adjustment by the Lender but shall, absent manifest errors or omissions, be presumed final, conclusive and binding upon the Borrower, and shall constitute an account stated unless within thirty (30) days after receipt of such statement, the Borrower shall deliver to the Lender its written objection thereto specifying the error or errors, if any, contained in such statement. In the absence of a written objection delivered to the Lender as set forth above, the Lender's statement of the Obligations and the burden of proof to show manifest errors or omissions shall be on the Borrower.

3. Grant of Security Interest; Obligations Secured. The Borrower hereby grants to the Lender a subordinated security interest in all of the Borrower's present and future right, title and interest in real property, furniture and fixtures, inventory, deposit accounts and reserve bank accounts, lease reserve accounts wherever located and whether now existing or hereafter created or arising collectively called the "Collateral." Lender's security interest in the Collateral shall be subordinated only to the security interest therein of the Bank. The security interest in the Collateral granted herein is to secure the payment and performance of the Obligations. Lender is hereby authorized by Borrower to file any and all documents with the appropriate authorities as necessary to authenticate and/or perfect the security interests granted herein.

4. Representations and Warranties. The Borrower hereby represents and warrants to the Lender (which representations and warranties will survive the delivery of this Agreement and the making of any advances of any Loan and shall be deemed to be continuing until all Loans are fully paid and this Agreement is terminated) that:

(a) (i) The Borrower is, and will continue to be, duly organized and validly existing; the Borrower is in good standing under the laws of the State of Florida; (ii) the Borrower is qualified and in good standing to do business in all other jurisdictions in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary; (iii) the Borrower has the power to execute and deliver this Agreement and each Loan Document and to borrow hereunder; and (iv) the Borrower has all Required Permits, without unusual restrictions or limitations, to own, operate and lease its properties and to conduct the business in which it is presently engaged, all of which are in full force and effect.

(b) The making and performance by the Borrower of this Agreement and the Loan Documents have been authorized by all necessary corporate action by its Board of Directors. The execution and delivery of this Agreement and the other Loan Documents, the consummation of the transactions herein and therein contemplated, the fulfillment of or compliance with the terms and provisions hereof and thereof, (i) are within its powers, (ii) will not violate any provision of law or of its organizational documents, or (iii) will not result in the breach of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any indenture or Lender loan or credit agreement (other than pursuant to this Agreement and the other Loan Documents) or other agreement or instrument to which the Borrower is a party. To the Borrower's knowledge, no approval, authorization, consent or other order or registration or filing with any governmental body is required in connection with the making and performance of this Agreement.

(c) Subject to any limitations stated therein or in connection therewith, all information furnished, or to be furnished, by the Borrower pursuant to the terms hereof is, or will be at the time the same is furnished, accurate and complete in all material respects necessary to make the information furnished, in the light of the circumstances under which such information is furnished, not misleading.

(d) The Borrower is in material compliance with all Legal Requirements applicable to it, its property or the conduct of its business, including, without limitation, those pertaining to or concerning the employment of labor, employee benefits, public health, safety and the environment.

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(e) No proceedings by or before any private, public or governmental body, agency or authority and no litigation is pending, or, so far as is known to the Borrower, its officers or directors, or threatened against the Borrower, except such as are disclosed in any addendums attached hereto.

(f) No Event of Default has occurred and no event has occurred, or is continuing, which, pursuant to the provisions of Section 8, with the lapse of time and/or the giving of a notice specified therein, would constitute such an Event of Default.

(g) The Borrower shall use the proceeds of each Advance hereunder for purposes set forth in its business plan, including general commercial purposes related to job creation, purchase of the building, and furniture, fixtures, and equipment, provided that no part of such proceeds will be used, in whole or in part, for the purpose of purchasing or carrying any "margin stock" as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

(h) This Agreement and all other Loan Documents, upon the execution and delivery thereof, will be legal, valid, binding and enforceable obligations of the Borrower as the case may be, in accordance with the terms of each; provided, however, that the Borrower's representation as to enforceability is qualified to the extent that enforcement of the rights and remedies created by this Agreement and the Loan Documents may be subject to applicable bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors and secured parties generally, and does not apply with respect to the availability of the remedy of specific performance, injunctive relief or any other equitable remedy.

(i) The Borrower has good and marketable title to its properties and assets, including all of the Collateral, subject to no mortgage, pledge, lien, security interest, encumbrance or other charge which is not set forth in any addendums attached hereto.

(i) The Borrower has filed all tax returns and reports required to be filed by it with all federal, state or local authorities and has paid in full, or made adequate provision for the payment of, all taxes, interest, penalties, assessments or deficiencies shown to be due or claimed to be due on or in respect of such tax returns and reports.

(k) The Borrower conducts its business solely in its own name without the use of a trade name or the intervention of, or through, any other entity of any kind, other than as disclosed on any addendums attached hereto. All books and records relating to the assets of the Borrower are located at the Borrower's chief executive office and its other places and locations where its assets are located.

(1) The Borrower and any of the Borrower's tenants have not given, nor have they received, any notice that: (i) there has been a release, or there is a threat of release, of toxic substances, oil or hazardous wastes on or from any real property owned or operated by the Borrower; (ii) the Borrower or any tenants may be, or is, liable for the costs of cleaning up or responding to a release of any toxic substances, oil or hazardous wastes; or (iii) any of such real property is subject to a lien for any liability arising from costs incurred in response to a release of toxic substances, oil or hazardous wastes.

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5. Conditions Precedent.

5.1 Conditions to Initial Advance. In addition to any other conditions contained in this Agreement, the initial advance shall be subject to the following conditions precedent:

(a) Proof of Action. The Lender shall have received such documents evidencing the Borrower's power to execute and deliver this Agreement and the other Loan Documents as the Lender or its counsel shall request.

(b) The Notes and Loan Documents. The Borrower shall have delivered to the Lender the Notes, this Agreement, the other Loan Documents and such other documents as the Lender may request.

(c) Liens to be Discharged. The Lender shall be satisfied with arrangements made to pay, discharge and terminate debt owed, and security interests granted by, the Borrower to nonpermitted debt and security interest holders.

5.2 Conditions to Every Advance. In addition to all other conditions contained in this Agreement, every advance shall be subject to the following conditions precedent that:

(a) No Event of Default. No Event of Default has occurred and no event shall have occurred, or be continuing, which, pursuant to the provisions of Section 8, with the lapse of time and/or the giving of a notice as specified therein, would constitute an Event of Default.

(b) No Material Adverse Change. There shall have been no material adverse change (as determined by the Lender) in the assets, liabilities, financial condition or business of the Borrower since the date of any financial statements delivered to the Lender before or after the date of this Agreement.

(c) *Representations and Warranties*. That the representations and warranties contained in Section 4 hereof and in each other Loan Document shall be true and correct in all material respects. Any request for a borrowing shall be deemed a certification by the Borrower as to the truth and accuracy in all material respects of the representations and warranties contained in Section 4 infra and in each other Loan Document as of the date of such request.

6. Affirmative Covenants. The Borrower covenants and agrees that from the date hereof until payment in full of all Loans and the performance of all Borrower's obligations hereunder, and under all other Loan Documents, is complete and this Agreement shall have terminated, unless the Lender otherwise consents in writing, the Borrower shall:

(a) Comply with all terms and conditions of this Agreement and the other Loan Documents and pay all material debts of the Borrower before the same shall become delinquent.

(b) The Borrower shall deliver to the Lender: (i) within 30 days after the close of each fiscal year, a balance sheet of the Borrower as of the close of each fiscal year and statements of income and retained earnings for that portion of the fiscal year-to-date then ended, prepared in conformity with GAAP; (ii)(1) within 90 days after the close of each fiscal year of the Borrower, in accountant-prepared draft form, and (2) within 30 days of completion, in final, unaudited accountant reviewed form, financial statements ("Financial Statements"), including, a balance sheet as of the close of such year and statements of income and retained earnings and cash flows for the year then ended, prepared in conformity with GAAP, applied on a basis consistent with that of the preceding year or containing disclosure of the effect on financial position or results of operations of any change in the application of accounting principles during the year; (iii) the other financial reports, if any, delivered to the owners of the Borrower, and upon request, such other information about the financial condition, business and operations of the Borrower, as the Lender may from time to time, reasonably request; and (iv) promptly upon becoming aware of any Event of Default, or any event which with the giving of notice or the passage of time would constitute an Event of Default, notice thereof, in writing. The Lender may modify or waive the performance of this section (b) in its sole discretion.

(c) (i) Keep its properties insured against fire and other hazards (so called "All Risk" coverage) in amounts and with companies satisfactory to the Lender to the same extent and covering such risks as is customary in the same or a similar business, but in no event in an amount less than the full insurable value thereof, which policies shall name the Lender as additional insured as its interest may appear, (ii) maintain public liability coverage against claims for personal injuries or death, and (iii) maintain all worker's compensation, employment or similar insurance as may be required by applicable law. Such All Risk property insurance coverage shall provide for a minimum of 30 days' written notice to the Lender of cancellation or modification. The Borrower agrees to deliver copies of all of the aforesaid insurance policies to the Lender. In the event of any loss or damage to any of its assets, including any collateral securing any Loan, the Borrower shall give prompt written notice to the Lender and to Borrower's insurers of such loss or damage and shall promptly file proofs of loss with said insurers.

(d) Comply with all Legal Requirements, including without limitation, those pertaining to or concerning the employment of labor, employee benefits, public health, safety and the environment. The Borrower shall pay all taxes, assessments, governmental charges or levies, or claims for labor, supplies, rent and other obligations made against the Borrower or any of its properties which, if unpaid, might become a lien or charge against it or any of its properties, except liabilities being contested in good faith with the prior written consent of the Lender and against which, if requested by the Lender, the Borrower shall maintain reserves in amount and in form (book, cash, bond or otherwise) satisfactory to the Lender.

(e) Maintain its chief executive office, principal places of business and locations of assets at the locations set forth in this Agreement. The Borrower shall promptly give the Lender written notice of any change in any of such addresses. All business records of the Borrower, including those pertaining to all Collateral, shall be kept at the said chief executive office of the Borrower, unless prior written consent of the Lender is obtained to a change of location.

(f) Allow the Lender, by or through any of its officers, agents, attorneys, or accountants designated by it, for the purpose of ascertaining whether or not each and every provision hereof and of any other Loan Document is being performed and for the purpose of examining and appraising the assets of the Borrower and the records relating thereto, to enter the offices of the Borrower to examine or inspect any of the properties, books and records or extracts therefrom and to make copies thereof and to discuss the affairs, finances and accounts thereof with the

Borrower and its accountants, at such reasonable times with advance notice to Borrower and as often as the Lender may reasonably determine. The Borrower will reimburse the Lender for all costs associated with its examination, appraisals and audits.

(g) Promptly advise the Lender of the commencement, or threat of litigation, including arbitration proceedings and any proceedings before any governmental agency, which might have a material adverse effect upon the assets, liabilities, financial condition or business of the Borrower.

(h) Promptly notify the Lender in writing of (i) any enforcement, cleanup, removal or other action instituted or threatened against the Borrower by any federal, state, county or municipal authority or agency pursuant to any public health, safety or environmental laws, rules, ordinances and regulations, (ii) any and all claims made or threatened by any third party against the Borrower or any real property owned or operated by any of them relating to the existence of, or damage, loss or injury from any toxic substances, oil or hazardous wastes or any other conditions constituting actual or potential violations of such laws, rules, ordinances or regulations and (iii) any enforcement or compliance action, instituted or threatened or claim made or threatened by any federal or state authority relating to the employment of labor or employee benefits.

(i) Continue to conduct the business of the Borrower as presently conducted, maintain its existence and maintain its properties in good repair, working order and operating condition. The Borrower shall promptly notify the Lender of any event causing material loss or unusual depreciation in the value of the business assets of the Borrower and the amount of same.

(i) The Borrower will notify the Lender promptly upon Borrower's entry into any transaction with any federal, state or local governmental entity which would give rise to an account receivable which would be subject to the Federal Assignment of Claims Act, or any other comparable federal, state or local legal requirement (herein a "Government Account") and the Borrower will execute all such instruments and take all such action as may be reasonably requested by the Lender so that all moneys due, or to become due, thereunder will be effectively assigned to the Lender and notice thereof given to such account debtor in accordance with the Federal Assignment of Claims Act, or any other comparable federal, state or local legal requirement.

(k) (i) The Borrower will keep the Collateral in good order and repair, will not waste or destroy the Collateral or any part thereof and will not knowingly use the Collateral in violation of any applicable Legal Requirement or any policy of insurance thereon. The Borrower will notify the Lender in writing promptly upon its learning of any event, condition, loss, damage, litigation, administrative proceeding or other circumstance which may materially and adversely affect the assets, liabilities, financial condition or business of the Borrower or the Lender's security interest in the Collateral. In the event that the Lender shall reasonably determine that there has been any loss, damage or material diminution in the value of the Collateral, the Borrower will, whenever the Lender requests, pay to the Lender such amount as the Lender shall have reasonably determined represents such loss, damage or material diminution in value (any such payment not to affect the Lender's security interest in such Collateral). (ii) Without limiting the generality of the foregoing, the Borrower shall notify the Lender promptly of any claim or dispute that may materially affect the value of the Borrower's Accounts.

(1) The Borrower will, at such intervals as the Lender may request, notify the Lender, in a form satisfactory to the Lender, of all Collateral which has come into existence since the date hereof or the date of the last such notification, whichever is later.

(m) At its option, but without obligation to do so, the Lender may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral; may place and pay for insurance on the Collateral; may order and pay for the repair, maintenance and preservation of the Collateral; and may pay any fees for filing or recording such instruments or documents as may be necessary or desirable to perfect the security interest granted herein. The Borrower agrees to reimburse the Lender on demand for any payment made, or any expense incurred, by the Lender pursuant to the foregoing authorization, and all such payments and expenses shall constitute part of the principal amount of Obligations hereby secured and shall bear interest at the highest rate payable on the Obligations of the Borrower to the Lender.

(n) Deliver to Lender, and or its nominee(s), all information requested by it, or them, in connection with their reporting obligations to the U.S. Citizenship and Immigration Services and reasonably related to compliance with the EB-5 Immigrant Investor Pilot Program.

7. Negative Covenants. The Borrower covenants and agrees that until payment is made in full on all Loans, the performance of all Borrower's obligations hereunder and under all other Loan Documents is complete and this Agreement shall have terminated, unless the Lender otherwise consents in writing, the Borrower shall not directly or indirectly:

(a) Sell, lease, pledge, transfer or otherwise dispose of all or any of its assets (other than the disposition of inventory in the ordinary course of its business as presently conducted, or the sale of obsolete equipment or equipment no longer usable in the conduct of the Borrower's business), whether now owned or hereafter acquired except for liens or encumbrances required or permitted hereby or by any Loan Document.

(b) Make or consent to a material change in the ownership or capital structure of the Borrower, or make a material change in the management of the Borrower or in the manner in which the business of the Borrower is conducted.

8. Events of Default; Remedies.

8.1 Events of Default. The occurrence of any of the following events, for any reason whatsoever, shall constitute an "Event of Default" hereunder:

(a) (i) Failure to make due payment of principal and/or interest on any Loan provided such failure continues for a period of five (5) business days or (ii) failure by the Borrower, or any Affiliate, to make due payment of any other liability or obligation owing by the Borrower, or any Affiliate, to the Lender, now existing or hereafter incurred, whether direct or contingent (herein, "Other Lender Debt"), provided such failure continues for a period of five (5) business days; or

(b) Failure by the Borrower to observe or perform any covenant contained in (i) this Agreement, or any of their respective obligations under any other Loan Document or (ii) any document or instrument evidencing, securing or otherwise relating to any Other Lender Debt provided that if said failure is curable, it continues for a period of ten (10) days; or

(c) Any representation or warranty made by the Borrower to the Lender or any statement, certificate or other data furnished by any of them in connection herewith or with any other Loan Document proves at any time to be incorrect in any material respect; or

(d) A judgment or judgments for the payment of money shall be rendered against the Borrower, which shall remain unsatisfied and in effect for a period of sixty (60) days without a stay of execution; or

(e) Any levy, seizure, attachment, execution or similar process shall be issued or levied on any of the Borrower's property, which process could have a material adverse effect on the business of the Borrower in the Lender's reasonable judgment; or

(f) The Borrower shall (i) apply for or consent to the appointment of a receiver, conservator, trustee or liquidator of all or a substantial part of any of its assets; (ii) be unable, or admit in writing its inability, to pay its debts as they mature; (iii) file or permit the filing of any petition, case, arrangement, reorganization, or the like under any insolvency or Bankruptcy law, or the adjudication of it as Bankrupt, or the making of an assignment for the benefit of creditors or the consenting to any form of arrangement for the satisfaction, settlement or delay of debt or the appointment of a receiver for all or any part of its properties; or (iv) take any action for the purpose of effecting any of the foregoing; or

(g) An order, judgment or decree shall be entered, or a case shall be commenced, against the Borrower, without the application, approval or consent of the Borrower by, or in, any court of competent jurisdiction, approving a petition or permitting the commencement of a case seeking reorganization or liquidation of the Borrower or appointing a receiver, trustee, conservator or liquidator of the Borrower, or of all or a substantial part of its assets and the Borrower, by any act, indicates its approval thereof, consent thereto, or acquiescence therein, or, in any event, such order, judgment, decree or case shall continue unstayed, or undismissed, and in effect for any period of ninety (90) consecutive days; or

(h) The Borrower shall dissolve or liquidate, or be dissolved or liquidated, or cease to exist legally, or merge or consolidate with, or be merged or consolidated with or into any other entity; or

(i) Failure by the Borrower to pay or perform any other Obligation, whether contingent or otherwise, or if any such other Obligation shall be accelerated, or if there exists any event of default under any instrument, document or agreement governing, evidencing or securing such other Obligation; or

(i) The Lender reasonably believes that any material adverse change in the assets, liabilities, financial condition or business of the Borrower has occurred since the date before or after the date of this Agreement; or

(k) The Borrower sells, liquidates, transfers or otherwise disposes of an asset not in strict accordance with the terms of this Loan Agreement; or

(1) If at any time the Lender reasonably believes in good faith that the prospect of payment of any Obligation or the performance of any agreement of the Borrower is materially impaired, or that there is such a change in the assets, liabilities, financial condition or business of the Borrower as the Lender believes in good faith materially impairs the Lender's security or increases its risk of non-collection, or the Borrower fails to create (i) the required number of jobs under the commitment letter of even date herewith (the "Commitment Letter") or (ii) the conditions required for such job creation have not been satisfied, if the Borrower is not required to create direct jobs.

8.2 Remedies.

(a) Upon the occurrence of any Event of Default, and at any time thereafter, the availability of advances hereunder shall, at the option of the Lender, be deemed to be automatically terminated and the Lender, at its option, may declare one or more, or all, of the Loans outstanding hereunder, together with accrued interest thereon and all applicable late charges and surcharges and all other liabilities and obligations of the Borrower to the Lender, to be forthwith due and payable, whereupon the same shall become forthwith due and payable; all of the foregoing without presentment or demand for payment, notice of non-payment, protest or any other notice or demand of any kind, all of which are expressly waived by the Borrower.

(b) The Lender shall have the following additional rights and remedies:

(i) All of the rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law or at equity, all of which rights and remedies shall be cumulative and non-exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in this Agreement, any other Loan Document or in any document, instrument or agreement evidencing, governing or securing the Obligations.

(ii) The right to (1) take possession of the Collateral, without resort to legal process and without prior notice to Borrower, and for that purpose Borrower hereby irrevocably appoints the Lender its attorney-in-fact to enter upon any premises on which the Collateral or any part thereof may be situated and remove the Collateral therefrom, or (2) require the Borrower to assemble the Collateral and make it available to the Lender in a place to be designated by the Lender, in its sole discretion, or (3) instruct the Bank, without further consent of Borrower, to transfer the balance of all deposit accounts of Borrower to Lender and to thereafter treat

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Lender as the owner of such deposit accounts and the Bank's customer with respect to such deposit account. The Borrower shall make available to the Lender all premises, locations and facilities necessary for the Lender's taking possession of the Collateral or for removing or putting the Collateral in saleable form.

(iii) The right to sell or otherwise dispose of all or any part of the Collateral by one or more public or private sales. The Lender will give the Borrower at least five (5) business days' prior written notice of the time and place of any public sale thereof, or of the time after which any private sale or any other intended disposition (which may include, without limitation, a public sale or lease of all or part of the Collateral) is to be made. The Borrower agrees that five (5) business days is a reasonable time for any such notice. The Lender, its employees, attorneys and agents may bid and become purchasers at any such sale, if public, and may purchase at any private sale any of the Collateral that is of a type customarily sold on a recognized market or which is subject to widely distributed standard price quotations. Any public or private sale shall be free from any right of redemption, which the Borrower hereby waives and releases. If there is a deficiency after such sale and the application of the net proceeds from such sale, the Borrower shall be responsible for the same, with interest.

(iv) The right, after an Event of Default shall have occurred (and Borrower irrevocably appoints the Lender as attorney-in-fact for the Borrower for this purpose, such appointment being coupled with an interest), upon notice to Borrower and without resort to legal process, to notify the persons liable for payment of all accounts (as defined in the Uniform Commercial Code) at any time and direct such persons to make payments directly to the Lender, and to perform all acts the Borrower could take to collect on such accounts, including, without limitation, the right to notify postal authorities to change the address for delivery, open mail, endorse checks, bring collection suits, and realize upon Collateral securing such accounts. At the Lender's request, all bills and statements sent by the Borrower to the persons liable for payments of such accounts shall state that they have been assigned to, and are solely payable to, the Lender, and Borrower shall direct persons liable for the payment of such accounts to pay directly to the Lender any sums due or to become due on account thereof.

(v) The right from and after an Event of Default, from time to time without demand or notice, and without being required to look first to any other Collateral to apply and set off any or all of the Deposits against any and all Obligations even though such Obligations are unmatured.

(c) Collateral Account. Upon an Event of Default:

(i) The Borrower shall direct each of its creditors and/or customers that all payments or other distributions of whatever kind made to the Borrower shall be made to a post office box designated by the Lender (the "Lock Box"). The Lender shall have sole access to the Lock Box, and is hereby authorized by the Borrower to open all mail addressed to the Lock Box, and to apply all proceeds received therein, as herein provided. If Borrower should receive itself any such payments, the Borrower shall hold all such collections in trust for the Lender without commingling the same with other funds of the Borrower and will promptly, on the day of receipt thereof, transmit such collections to the Lender in the identical form in which they were received by the Borrower, with such endorsements as may be appropriate, accompanied by a report, in a form approved by the Lender, showing the amount of such collections and such other information as the Lender may require.

(ii) All collections in the form of cash, checks or other demand remittances so received by, or transmitted to, the Lender shall upon receipt by the Lender be credited to the Collateral Account established hereunder, subject to subsection (c) below. Each such credit shall be conditional upon final payment to the Lender of all items giving rise to such credit, and, if any item is not so paid, the credit for such item shall be reversed whether or not the item has been returned and the amount thereof, in the Lender's discretion may be charged to any operating account of Borrower with the Lender. All collections in the form of notes, drafts, acceptances or other instruments not payable on demand shall be delivered by the Borrower to the Lender. When such items are collected, the amount thereof shall be credited by the Lender to the Collateral Account, with appropriate notice to the Borrower. Until such items are collected, the Borrower will not, without the consent of the Lender, make any entry on its books or records indicating that the same were received in payment of the receivable giving rise thereto.

(iii) At such intervals as the Lender may deem appropriate, the Lender shall charge and apply the full amount then on deposit in the Collateral Account in reduction or payment of Borrower's Loan Account, such application to be subject to the final payment in cash of all items theretofore credited to such Collateral Account.

9. Lien and Set Off. The Borrower hereby gives the Lender a lien and right of set off for all of Borrower's liabilities and obligations to the Lender upon and against all Collateral now or hereafter in the possession, custody, safekeeping or control of the Lender or in transit to it.

10. Miscellaneous.

10.1 Certain Waivers. Borrower hereby waives diligence, demand, presentment for payment, notice of nonpayment, protest and notice of dishonor, and hereby agrees to any extension or delay in the time for payment or enforcement, to renewal of any Loan and to any substitution or release of any Collateral, all without notice and without any effect on their liabilities. Any delay on the part of the Lender in exercising any right hereunder, or under any other Loan Document which may secure any Loan, shall not operate as a waiver of any such right, and any waiver granted for one occasion shall not operate as a waiver in the event of a subsequent default. The Lender may revoke any permission or waiver previously granted to Borrower, such revocation to be effective prospectively when given, whether given orally or in writing. The rights and remedies of the Lender shall be cumulative and not in the alternative, and shall include all rights and remedies granted herein, in any other Loan Document and under all applicable laws.

LENDER AND BORROWER IRREVOCABLY WAIVE ALL RIGHTS TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST THE LENDER OR BORROWER IN RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER LOAN DOCUMENT.

BORROWER (i) ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A COMMERCIAL TRANSACTION AND (ii) TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, WAIVES ANY RIGHT TO PRIOR NOTICE OF, AND A HEARING ON, THE RIGHT OF ANY HOLDER OF THE NOTES, TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF ATTACHMENT, FOREIGN ATTACHMENT, GARNISHMENT OR REPLEVIN, TO DEPRIVE THE BORROWER OF ANY OF THEIR PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS AGREEMENT.

10.2 Notices. All notices, requests or demands to or upon a party to this Agreement shall be given or made by the other party hereto in writing, in person or by depositing in the mail, postage prepaid, return receipt requested, addressed to the addressee at the address set forth herein as the Borrower's chief executive office or to such other addresses as such addressee may have designated in writing to the other party hereto.

10.3 Expenses; Additional Documents. The Borrower will pay all taxes levied or assessed upon the principal sum of the advances made against the Lender, all fees of the Lender for its Lock-Box services and all other fees provided herein, and all expenses arising out of the preparation, amendment, waiver, modification, protection, collection and/or other enforcement of this Agreement, or any other Loan Document, or of any Collateral or security interest now or hereafter granted to secure the Loans or mortgage, security interest or lien, granted hereunder or under any other Loan Document (including, without limitation, attorneys' fees). The Borrower will, from time to time, at its sole expense, execute and deliver to the Lender all such other and further instruments and documents, and take or cause to be taken all such other and further action as the Lender shall request in order to effect and confirm or vest more securely all rights contemplated by this Agreement or any other Loan Document.

10.4 Addendums. Any Addendums that are attached hereto are and shall constitute a part of this Agreement.

10.5 Governing Law; Consent to Jurisdiction. This Agreement, the other Loan Documents and the rights and obligations of the parties hereunder, and thereunder, shall be construed and interpreted in accordance with the laws of the State of Florida, USA. The Borrower agrees that the execution of this Agreement and the other Loan Documents, and the performance of the Borrower's obligations hereunder, and thereunder, shall be deemed to have a Florida situs and the Borrower shall be subject to the personal jurisdiction of the courts of Florida with respect to any action the Lender or its successors or assigns may commence hereunder or thereunder. Accordingly, the Borrower hereby specifically and irrevocably consents to the jurisdiction of the courts of Florida with respect to all matters concerning this Agreement, the other Loan Documents, the Notes or the enforcement of any of the foregoing.

10.6 Survival of Representations. All representations, warranties, covenants and agreements herein contained or made in writing in connection with this Agreement shall survive the execution and delivery of the Loan Documents and shall continue in full force and effect until all amounts payable on account of all Loans, the Loan Documents and this Agreement shall have been paid in full and this Agreement has been terminated.

LOAN DOCUMENTS Palm House Hotel, LLLP — Palm House, LLC

10.7 Integration; Severability; Successors. This Agreement is the final, complete and exclusive statement of the terms governing this Agreement. If any provision of this Agreement shall to any extent be held invalid or unenforceable, then only such provision shall be deemed ineffective and the remainder of this Agreement shall not be affected. The provisions of this Agreement shall bind the heirs, executors, administrators, assigns and successors of the Borrower and shall inure to the benefit of the Lender, its successors and assigns.

10.8 Determinations as to Compliance. All documents and assurances of any type related to the fulfillment of any condition or compliance with any provision hereof or of any other Loan Document and all other matters related to the Loans are subject to the prior approval and satisfaction of the Lender, its counsel and other consultants.

10.9 Termination of this Agreement. This Agreement shall terminate upon the written agreement of the parties hereto to the termination of any privilege of the Borrower to take advances and/or full and final payment of all amounts with respect to all Loans or amounts otherwise due hereunder and under the other Loan Documents.

10.10 Attorney's Fees. Lender shall be entitled to recover all reasonable attorney's fees and expenses incurred by it in connection with enforcement of this Loan Agreement, including costs of collection.

[SIGNATURE PAGE FOLLOWS]

Case 9:16-cv-81871-XXXX Document 1-43 Entered on FLSD Docket 11/14/2016 Page 21 of 25

IN WITNESS WHEREOF, the undersigned executes this Agreement as an instrument under seal as of the date first set forth above.

LENDER

Palm House Hotel, LLLP

By South Atlantic Regional Center, LLC, its General Partner

By: Joseph J Walsh Managing Member

21 , 20/3 Dated: ____

BORROWER Palm House, LLC

<u>Incich</u> Dated: <u>1/20/</u>,20<u>13</u> an <u>Black</u> ging Member Bv: Name: Title:

11/30/2012

PROMISSORY NOTE

, 20

For value received, Palm House, LLC (the "Borrower"), a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480, hereby promises to pay to the order of Palm House Hotel, LLLP, a Florida limited partnership of 197 S. Federal Highway, Suite 200, Boca Raton, FL 33432 (the "Lender"), or at such other address as the holder hereof may designate, the principal amount of all advances made by the Lender to the Borrower hereunder, in lawful money of the United States. This Note evidences the Borrower's indebtedness under a Loan and Security Agreement with Lender (the "Loan Agreement"), as may be amended from time to time. During the period from the date hereof until the fifth anniversary ("Termination Date") of the date of the first Advance hereunder ("First Advance"), the Lender may make advances ("Advances") from time to time thereunder and the Borrower may borrow; provided, however, that the aggregate amount of all advances at any one time outstanding shall not exceed \$39,500,000 USD; and provided, further, that the Lender's obligation to make advances and the Borrower's right to borrow are subject to the terms, conditions and limitations contained in this Note and the Loan Agreement.

The outstanding principal of all Advances hereunder will bear interest at the rate per annum of 4.22%. Interest shall be computed on the basis of a 365 day year and actual days elapsed. Upon default or after judgment has been rendered on this Note, the unpaid principal of all Advances shall bear interest at a rate which is two (2%) percent per annum greater than that which would otherwise be applicable.

The balance of all Advances and all accrued unpaid interest thereon shall be repaid as follows. Upon and after the First Advance hereunder, Borrower shall make payments of interest only on the outstanding principal balance of all Advances at the rate set forth above and until expiration of 5 years from the First Advance hereunder (the "Initial Term").

Upon the Termination Date, and within 30 days thereafter, the outstanding principal balance of all Advances and all accrued interest then outstanding shall be due. Borrower shall make commercially reasonable efforts to repay the outstanding principal balance of all Advances and all accrued unpaid interest thereon after the Termination Date. If Borrower cannot sell or refinance such amounts on commercially reasonable terms, or at all, prior to the end of the Initial Term, Borrower may, upon written notice to Lender and in Borrower's sole discretion, extend the term of this Note for an additional one year period (each an "Extension Period") subject to all other terms of this Note and the Loan Agreement and provided Borrower is not otherwise in default hereunder. During each Extension Period, Borrower shall make interest payments on the outstanding principal balance of all Advances and all accrued unpaid interest thereon then outstanding.

All payments hereunder shall be applied first to the payment of interest on the unpaid principal of all Advances outstanding under this Note, and then to the balance on account of the principal of all Advances due under this Note.

LOAN DOCUMENTS Palm House Hotel, LLLP - Palm House, LLC

Borrower shall pay Lender a late charge of five (5%) percent of any amount due to the Lender which is not paid or reimbursed by the Borrower within 5 business days of the due date thereof to defray the extra cost and expense involved in handling such delinquent payment and the increased risk of non-collection. The minimum late charge shall be \$100.00.

If at any time, the rate of interest, together with all amounts which constitute interest and which are reserved, charged or taken by the Lender as compensation for fees, services or expenses incidental to the making, negotiating or collection of any advance evidenced hereby, shall be deemed by any competent court of law, governmental agency or tribunal to exceed the maximum rate of interest permitted to be charged by the Lender to the Borrower, then, during such time as such rate of interest would be deemed excessive, that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest so permitted shall be deemed a voluntary prepayment of principal.

The Borrower may not, without Lender's prior express written consent, prepay this Note prior to the expiration of the Initial Term. Thereafter, Borrower may prepay this Note, in whole or in part, at any time, without penalty or premium, and without prior written consent of Lender.

Upon the happening of any Event of Default (as defined in the Loan Agreement), all Advances outstanding hereunder, together with accrued interest thereon, shall, at the option of the Lender, accelerate and become immediately due and payable and any privilege of the Borrower to take or request advances hereunder shall terminate without demand or notice of any kind. Failure to exercise such option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. This Note has been executed and delivered in accordance with the Loan Agreement of even date herewith between the Borrower and the Lender, incorporated herein by reference, which sets forth further terms and conditions upon which the entire unpaid principal hereof and all interest hereon may become due and payable prior to the Termination Date, and generally as to further rights of the Lender and duties of the Borrower. All advances made by the Lender to the Borrower shall be evidenced by the books and records of the Lender which shall be conclusive, absent manifest error.

The Borrower agrees to pay all taxes levied or assessed upon the outstanding principal against any holder of this Note and to pay all reasonable costs, including attorneys' fees, costs relating to the appraisal and/or valuation of assets and all other costs for expenses incurred in the collection, protection, defense, preservation, and/or enforcement of this Note or any endorsement of this Note or in any litigation arising out of the transactions of which this Note or any endorsement of this Note is a part.

The Borrower hereby gives the Lender a lien and right of set off for all of Borrower's liabilities and obligations subject to any priority liens of record upon and against all the deposits, credits, collateral and property of the Borrower, now or hereafter in the possession, custody, safekeeping or control of the Lender or in transit to it. At any time, without demand or notice, and without being required to look first to any other security, the Lender may set off the same, or any part thereof, and apply the same to any obligation of the Borrower even though unmatured. THE LENDER AND THE BORROWER IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST THE LENDER OR THE BORROWER IN RESPECT TO THIS NOTE OR ARISING OUT OF ANY DOCUMENT, INSTRUMENT OR AGREEMENT EVIDENCING, GOVERNING OR SECURING THIS NOTE, INCLUDING THE AFORESAID AGREEMENT.

THE BORROWER (1) ACKNOWLEDGES THAT THE LOAN EVIDENCED BY THIS NOTE IS PART OF A COMMERCIAL TRANSACTION AND (2) TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, WAIVES THE RIGHT BORROWER MAY HAVE TO PRIOR NOTICE, OF AND A HEARING ON, THE RIGHT OF ANY HOLDER OF THIS NOTE TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SAID HOLDER, BY WAY OF ATTACHMENT, FOREIGN ATTACHMENT, GARNISHMENT OR REPLEVIN, TO DEPRIVE THE BORROWER OF ANY OF BORROWER'S PROPERTY, AT ANY TIME, PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS NOTE.

The Borrower hereby waives diligence, demand, presentment for payment, notice of nonpayment, protest and notice of protest, and notice of any renewals or extensions of this Note, and all rights under any statute of limitations, and agrees that the time for payment of this Note may be changed and extended at the Lender's sole discretion, without impairing the Borrower's liability hereon, and further consents to the release of all, or any part, of the security for the payment hereof at the discretion of the Lender. Any delay on the part of the Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted for one occasion shall not operate as a waiver in the event of any subsequent default.

The making of an advance at any time shall not be deemed a waiver of, or consent, agreement or commitment to or by the Lender to the making of any future advance to the Borrower.

If any provision of this Note shall, to any extent, be held invalid or unenforceable, then only such provision shall be deemed ineffective and the remainder of this Note shall not be affected.

This Note shall bind the heirs, executors, administrators, successors and assigns of the Borrower and shall inure to the benefit of the Lender, its successors and assigns.

This Note is secured in accordance with the terms of the Loan Agreement of even date herewith between the Lender and the Borrower, and by other security.

This Note is executed as a sealed instrument and shall be governed by, and construed in accordance with, the laws of the State of Florida, USA.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the undersigned executes this Agreement as an instrument under seal as of the date first set forth above.

LENDER

Palm House Hotel, LLLP

By South Atlantic Regional Center, LLC, its General Partner

By: Joseph J. Walsh Managing Member

2(,20/3 Dated:

BORROWER Palm House, LLC

By:	Buges	Bla	ik			
Name:	18gg	<u> </u>	12	<u>ort</u>	1	.
Title:	00	Man	ag.	nc	M	embri
	Kla :	Warte	V	0		

Dated: January 20, 20_13

STATE OF ELORIDA : New York COUNTY OF PALM BEACH:

On this, the 20th day of Jenuary , 2013 before me, the undersigned officer, personally appeared Kyrn Black (, who acknowledged himself to be the President of Palm House, ELC, a Delaware limited liability company of 214 Brazilian Ave., Suite 200, Palm Beach, FL 33480, and that he as President, being authorized to do so, executed the foregoing instrument freely and voluntarily for the purposes therein contained by signing the name of the company in his capacity as President. IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal.

Dlova Jalok

SYLVIA BLOOMFIELD Notary Public, State of New York No. 01BL6060027 Qualified in Queens County Certificate filed in New York County Commission Expires June 11, 20/

Notary Public My Commission Expires: June 11, Orars Case 9:16-cv-81871-XXXX Document 1-44 Entered on FLSD Docket 11/14/2016 Page 1 of 86



THE PALM HOUSE A Luxury Condominium Hotel and Spa on Palm Beach

棕榈滩公馆

棕榈滩岛上最后一座批准的酒店



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THE PALM HOUSE A LINUTY CONDOMINIUM HOTEL AND SPACE

1.	地理位置及优势	.P3 – P6
2.	岛上名流及地产	
3.	项目介绍	.P11 – P35
	a 简介	
	b 开发商	.P13 – P23
	c 建筑商	
	d 设计师	
	e 酒店总经理	
	f 律师团队	
***	g 资金结构	
***	h 投资明细	
***	i退出机制	
***	j创造就业机会	
	k 投资者奖励	
4.	评估报告	
5.	工程文件及图片	

棕榈滩-美国东海岸的奢华之地

A Luxury Condominium Hotel and Spa on Palm Beach

- 1.2011年彭博社评其为美国最富裕的地区;
- 2.3万人口,都是富人、退休富人及其佣人;
- 3.27个10亿级富豪的住所;
- 4. 美国东海岸富人家庭的居住和度假去处,强大的豪宅及豪华酒店需求。



奢华极致--棕榈滩全景

THE PALM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach











奢华极致--棕榈滩全景

THE PALM HOUSE A Lunury Condominium Hotel and Spa on Palm Beach



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棕榈滩公馆的位置--金融街中心

THE PAILM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach





豪宅环绕的棕榈滩公馆

THE PALM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach





豪宅环绕的棕榈滩公馆

THE PALM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach



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棕榈滩上多位全球顶级富豪

THE PAILM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach







SALOMON SMITH BARNEY

A Member of TravelersGroup

Blackstone





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棕榈滩上多位全球顶级富豪

THE PALM HOUSE A Lawury Condominium Hotel and Spa on Palm Beach



\$5200万 Howard Stern 电台主播

1236 Ocean Blvd \$8150万 前高盛合伙人

Donald Trump's Mansion \$9500万



150 South Ocean Blvd, \$2600万 David Koch of Koch Industries (美国第二大私人企业, 2012年福布斯第17位富豪)

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棕榈滩公馆

THE PAIM HOUSE A LUNURY CONDOMINIUM HOTEL AND SPACE


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棕榈滩公馆 项目介绍

THE PAIM HOUSE A LUXURY CONDOMINIUM HOLE AND SPACE

- 128000平方英尺;
- 79个单位的共管式奢华会所酒店;
- 坐落于棕榈滩岛上;
- 顶级富豪私密会所;
- 世界级富豪和名人的家;
- ●工程完成85%,施工在稳步进行;
- 岛上最后一个被批准修建的酒店。











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开发商 Robert Matthews

THE PAILM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach



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1993年美国年度企业家 知名地产商

A LANLY CONDOMINIUM Hotel and Spa on Palm Beach

Robert V. Matthews Matthews Ventures Holdings, LLC主席

过去25年他曾控股的著名企业

- a. Matthews Hospitality Group, LLC
- b. Echelon Engineering & Construction, Inc. b.
- c. Stromberg, LLC
- d. Bentley Churchill Acquisitions, LLC
- e. Fabricated Metal Products, Inc.
- f. Palm Beach Marina Holding Corp.
- g. Matthews Ventures Holdings, LLC

他旗下的慈善项目

- a. American Cancer Society
- b. American Indian Archaeological Institute
- c. American Ireland Fund
- d. Children's Home Society
- e. Dana-Farber Cancer Institute
- f. Foundation for the Advancement of Catholic Schools
- g. March of Dimes

闻名美国地产界的著名案例: 1994年收购New Haven一幢30万平方尺的写字楼,一年时间将其出租率从18%提升至93% 用50万美金收购New Haven乔治大街300号一幢56万平方尺的写字楼,两年后用55倍的价格出售

Matthews Ventures Holdings目前在全美持有6亿美元的豪华公寓和酒店资产组合

MVH 是HIG Acquisitions LLC主要控股股东,该私募基金致力于收购全球的5星级酒店资产以重新定位;

Matthews Hospitality Group, 一家致力于收购豪华物业以改善其经营的基金. Matthews 刚完成其家族慈善基金Matthews family foundation 的募集。





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1993年美国年度企业家 知名地产商

THE PALM HOUSE A Lasury Condominium Hotel and Spa on Palm Beach





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开发商旗下的环球奢华酒店

A Lawury Condominium Hotel and Spa on Palm Beach

Point Breeze on Nantucket Island





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开发商旗下的环球奢华酒店

THE PAIM HOUSE A LUXURY Condominium Hotel and Spa on Palm Beach













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开发商旗下的环球奢华酒店

THE PALM HOUSE A LUXURY Condominium Hotel and Spa on Palm Beach





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开发商旗下的环球奢华酒店

THE PALM HOUSE A LUXURY Condominium Hotel and Spa on Palm Beach

Cartagena Bodegon Boutique









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开发商旗下的环球奢华酒店



Galapagos Eco-Luxury Resort Santa Cristobal Island



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开发商旗下的环球奢华酒店

THE PAILM HOUSE A LAURY Condominium Hotel and Spa on Palm Brach

Casi Cielo Panama





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开发商旗下的环球奢华酒店

THE PALM HOUSE A Lunury Condominism Hotel and Spa on Palm Beach



Delano Hotel Mars de Indias Cartagena/Greg Norman Golf-Delano Luxury Resort-commence summer 2014 Mexico





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开发商旗下的环球奢华酒店

THE PALM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach



Marriott Courtyard Hotel (Chelsea, NY), the newest Courtyard in Manhattan Just completed





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A Luxury Condominium Hotel and Spa on Palm Beach



专业从事高档酒店及住宅市场



商业零售项目

- Angles Restaurant at The Ritz Carlton
- Nick' s New Haven Style Pizzeria and Bar
- Sky Salon and Spa
- Botega Guillianna Bar & Club
- Ann Taylor
- Bal Harbour Shops
- Quizno' s Subs
- Starbucks
- Cold Stone Creamery
- CVS
- The Metropolitan,
- Granby Mills,
- 55 Trumbell,
- Chapel Square Mall,
- 27 Jackson Street,
- 901 Main Street



The Clarion, Hamden, Connecticut



Nantucket Inn/Point Breeze Inn



Ritz Carlton, Manalapan, Florida

棕榈滩公馆--奢华会所 棕榈滩岛上最后一座批准的酒店

高端住宅项目

- Chapel Square Tower,
- Strouse Adler,

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HBA 全球最大的酒店设计事务所

A Lanury Condominium Hotel and Spa on Palm Brach



Inge Moore Named Designer of the Year + Six Nods for HBA in the 2013 Gold Key Awards



Grand Hyatt Shenyang



Luxury Collection Hotel Maria Cristina



The Alpina Gstaad, Switzerland



Extreme Wow Suite At W Singapore



nterContinental London Park Lane



Hotel Alfonso XIII, Seville



Four Seasons Hotel, Guangzhou

棕榈滩公馆--奢华会所 棕榈滩岛上最后一座批准的酒店



Hyatt Regency Chongqing

棕榈滩公馆由IngeMoore 2013年全球最佳酒店设计师设计

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HBA设计1200个以上五星级豪华酒店

THE PALM HOUSE A LARVY CONSIGNMENT HOLE AND SPACE



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酒店总经理:Niklaus Leuenberger

- A Luxury Condominium Hotel and Spa on Palm Beach
- 2011-2013 The ALpha Gstaad 董事总经理
- 2010-2011 Resort Development Company COO
- 2007-2009 The New York Palace 董事总经理
- 2004-2007 半岛酒店北美副主席
- 2003-2007 半岛酒店集团管理委员会执行委员
- 1999-2003半岛酒店美国区域经理
- 1992-2007纽约半岛酒店总经理
- 1988-1992 马尼拉半岛酒店总经理
- 1987-1988香港九龙酒店总经理
- 1984-1987 广州花园酒店总经理
- 1982-1984香港半岛酒店执行助理经理
- 1981-1982 北京建国饭店副总经理
- 1981香港马可波罗酒店筹备经理
- 1980-1981马尼拉半岛酒店餐饮经理





30年超豪华酒店高层



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移民律师--Bernard Wolfsdorf

A Lanury Condominium Hotel and Spa on Palm Beach

连续4年全球排名第一移民律师



Bernard Wolfsdorf



● 全球最大的移民律师事务所

- Bernard Wolfsdorf 是美国移民律师协会前主席
- 20年EB5移民律师从业经验
- 连续4年评为全球最好的移民律师





THE PAIM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach



Source of Funds Amount Percentage

EB-5(79位投资者) \$39,500,000 43.4% 私募贷款 \$29,500,000 32.4% 项目方出资 \$22,000,000 24.2% 总投资额 \$91,000,000 100%



A Luxury Condominium Hotel and Spa on Palm Beach



South Atlantic RC

The RC oversees and advises the Project, the EB-5 process, and the associated entities



purposes

General Partner: SARC

The Partnership loans money to the Company for job-creating

Limited Partners: Each EB-5 Investor

Palm House, LLC

(The "Company") Owner and Developer of the Project Uses \$39.5M in EB-5 funds and other funding to develop the Project

Palm House Hotel

A 79-room ultra-luxury hotel and resort located on Palm Beach Island, Florida.

→ SARC与79位EB5投资者组成有限合伙人 (Palm House Hotel, LLLP)

项目方,即南大西洋区域中心(SARC)

Lend money to

将以上79位EB5投资者募集的资金借 给棕榈滩公馆项目的持有者 (Palm House, LLC)

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监管银行:PNC BANK

THE PALM HOUSE A Lanury Condominium Hotel and Sps on Palm Beach

投资明细	
本金	50万美金
发行费	4万美金
律师费	1.5万美金
投资收益	每年0.25%借款利息
投资周期	5年(***如果还款延至第6年, 投资者可得额外8%利息赔偿; 如果还款延至第7年,可得额外 13%利息赔偿;最迟第七年还款 给投资者-《PPM》)

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监管银行:PNC BANK

THE PALM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach



退出机制

THE PAIM HOUSE A LINUTY CONDOMINIUM HOTEL AND SPA ON PAIM BEACH



退出机制(还款保证):

- 1) 再融资 48% 的负债比率, 再融资非常便利
- 2) 经营的盈利现金流 预估每年720万的利润
- 3) 出售酒店 79个酒店房间可单独出售



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就业机会--绿卡保证

THE PALM HOUSE





- 由EB5就业报告权威Michael Evans编写
- 施工已于2012年9月开始,主体工程已经结束
- ●棕榈滩公馆的创造就业机会是953.7个,美国移民 局要求创造的790个就业机会多出20%。

RIMS II 模型新增就业机会数据		
建筑	688.2	688.2
酒店运营	265.5	265.5
	总计	953.7

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投资者会额外获得 会所会籍50%折扣

A LUXURY CONDOMINIUM HOTEL and Spa on Palm Beach

会籍会员的福利包括:

- Hawker Jet 850 X P 私人飞机
- 100′ Yacht 游艇
- Rolls Royce Ghost劳斯莱斯接送
- 24小时管家服务,代客泊车
- 传统欧洲spa,健身中心和游泳池
- 收藏世界名酒的温控红酒窖
- 雪茄巴和保温箱
- 小时商务及会议中心

投资奖励计划:

投资期内每个投资者会免费获得:

每年1周免费住宿

以及提前预定的各项优惠



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rAr, Peter Kampine Onon Benk June 10, 2008 Pege Two		Callaway & Price, In Real Estate Appraisers And Consultants Licensed Real Estate Brokers
It should be noted that hospitality operation is a ver- venture; the reported values are conditioned upon- management by those experienced in high-end, ultra-tu- resort market. Absent such management, the value co- change. Palm House Summary of Values as of Febra & Prospective Future Values as of August	compatent, professional sury hotel operations in a clusions herein may well ary 2, 2006	79个单位的平均价值
As Stabilized Conventional Hotel	\$137,500,000	
Costs to Complete February-06	LENLIN LASIL	\$1,734,177
Conventional Hotel Less Costs to Complete Abgust-09 Decount; Le Mos. For construction / Start-up of 94% Factor	\$102,600,000 0.87%/	\widehat{HVS} $\varphi \perp, \gamma \supset \neg, \perp \gamma \gamma$
As is Value - Conventional Hotel	\$89,692,920 \$90,000,000	
Discounted Sellout of Condo Units (arefit deputed August-09 Developer Profit from Sellout of Condo Units (Ro.	\$25,300,000 \$5,010,000	
As Stabilized Condo Hotel after Sellout August-09	\$115,000,000	故人工口位于广州古
• molides han lavas & PFGS Furnishings, Fixtures & Equipment Allocation	\$4,000,000	整个项目第五年估值
Discounted Seliout of Club Memberships August-09	\$55,500,000	\$137,500,000

为EB5借款3.48倍

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就业机会--绿卡保证

A Lasury Condominium Hotel and Spa on Palm Beach

评估报告①-By Callaway & Price, Inc



Income Approach – Conventional Hotel

Consolidated Revenues

Room Revenue

Base room revenue is a function of multiplying the room nights by the occupancy rate and by the average daily rate (ADR). Occupancy is the number of those rooms sold over a given period, expressed as a percentage (#rooms sold \div frooms available). The average daily rate (ADR) is a reflection of the total guest room revenue for a given period of time divided by the total number of occupied rooms for that same time period. The room nights or rooms available are simply the total number of rooms available multiplied by 365 (nights in the year). Therefore, the total number of room nights available for the Subject Property is to **28,835** (79 rooms x 365).

Occupancy & ADR

In establishing estimated stabilized occupancy and ADR for our analysis we have given consideration to the competitive market set, the foregoing market analysis and discussions with industry professionals. The owner's pro forma rate structure is certainly well supported by the Palm Beach market and given the level of finish and amenities proposed may be conservative. We have utilized an **ADR of \$650** for Year 1 of our analysis.

The owner projects occupancy between 68% and 75% for Year 1 operations; while in our opinion a stabilized occupancy of 75% is reasonable given the small size of the property and the level of quality, we have stepped occupancy in our analysis to achieve that stability. We have utilized a **63%** Year 1 occupancy increasing by Year 4 to stabilized 75% annual occupancy.

评估报告②-By HVS



According to HVS, "As a rule of thumb, in a typical commercial market, where demand is high Monday through Thursday and drops considerably on weekends, a strong stabilized level of occupancy would be 70 percent. Under such circumstances, an areawide occupancy rate of 78 percent would probably produce a significant amount of unaccommodated demand. If, on the other hand, most of the lodging facilities in the area were operating with an occupancy level of around 60 percent, the unaccommodated demand would probably be negligible." Source: page 8-14 of the HVS Hotel Investments Handbook, written by Steven Rushmore, founder of HVS.

A final factor to be considered is that space is extremely limited on Palm Beach Island, and it is very unlikely that any more hotels will be built in the city. As a result, occupancy rates are likely to be relatively high in the coming years, with little or no chance of other hotels being opened right in the city.

We thus consider the following factors in counting the operating jobs from the hotel and ancillary services.

- 1. The developer will operate the hotel. It will not be leased to a "flagship" name.
- 2. The occupancy rate for 5-star Palm Beach hotels is near 100% in the peak months.
- 3. No more hotel rooms will be built in the city of Palm Beach in the foreseeable future.

Hence we are fully justified in counting the operating jobs even if the stated rate of occupancy is only 61% in 2015.

figure is somewhat misleading for two reasons: only a relatively few rooms in each hotel are available at the lowest rate, and rooms during high season (January-March) are generally available only at much higher prices. For example, a search of the website for the Breakers and the Four Seasons Hotel in Palm Beach on November 21, 2012, for a wide variety of dates during the first quarter of 2013 revealed either that no rooms were available at all, or that the minimum quoted rates were all above \$1,000. For this reason, the first year price of \$522.50 per night for the Palm House Hotel is quite conservative; it also takes into account the fact that rates are usually about \$100 per night lower during the summer months.

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棕榈滩酒店市场

THE PAILM HOUSE A LUXURY CONDOMINIUM HOLE AND SPA ON PAIL BEACH

The next question is the issue of the occupancy rate, which the developer has assumed to be 61%. This is a very conservative figure, as the occupancy rate for Palm Beach hotels, according to Smith Travel Research and the Palm Beach County Tourism Department (see below) is usually 70% on an annual basis. This figure is well below the 78% figure that is generally considered to indicate a shortage of hotel rooms. However, the seasonal swings for Palm Beach County are much wider than most locations, as shown next in Table 9-2 (note: no separate figures are available for 5-star hotels in Palm Beach). While the average annual rate is 70%, the rate rises above 86% in February and March; and as already noted, as of November, 2012, the 5-star hotels in Palm Beach are almost completely sold out for February and March 2013.

Table 9-2. Hotel Occupancy Rates by Month, Palm Beach County, 5-Year Average

October	65.8
November	72.9
December	67.5
January	76.9
February	86.2
March	86.6
April	75.1
May	67.4
June	66.9
July	62.7
August	59.1
September	54.3

Source: Report on Palm Beach County Tourism



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施工许可与产权文件

THE PALM HOUSE



A Luxury Condominium Hotel and Spa on Palm Beach

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GMAX 合同与完工保险--2014年底完工

A Luxury Condominium Hotel and Spa on Palm Beach

AIA Document A101" – 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the 2 day of January in the year 2013 (In words, Indicate day, month and year.)

BETWEEN the Owner: (Name, legal status, address and other information)

Palm House 160 Royal Palm LLC 160 Royal Palm Way Palm Beach, FL 33480

and the Contractor: (Name, legal status, address and other information)

Nicholas Laudano New Haven Contracting South, Inc 638 Shore Drive Boynton Beach, FL 33435

for the following Project: (Name, location and detailed description)

The Palm House Hotel 160 Royal Palm Way Palm Beach, 33480 Complete Renovation of 160 Royal Palm Way a 79 Room Hotel, Spa, Restaurants and Club in Palm Beach.

The Architect: (Name, legal status, address and other information)

Rafael Rodriguez RAR Architect Inc. 44 Coconut Row, Unit T-6 Palm Beach, FL 33480

Init

The Owner and Contractor agree as follows.

ADDITIONS AND DELETIONS: The author of this document has added information needed for its completion. The author may also have revised the text of like original AIA standard form. An Additions and Deletions Freport that noise added information as well as revisions to the standard form text is available from the author and should be revisions to the document indicates where the author has added necessary information and where the author has added to or detect from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201¹⁴⁴–2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

-1

棕榈滩公馆--奢华会所 棕榈滩岛上最后一座批准的酒店

AlA Document A101¹⁶ – 2007. Copyright © 1915, 1916, 1925, 1937, 1951, 1955, 1961, 1965, 1967, 1977, 1977, 1987, 1991, 1997 and 2007 by The American Institute of Architects. All rights reserved. WARNING: This A(A⁺ Document is protected by U.S. Copyright Law and International Tradies. Unauthorized reproduction of International Tradies. Unauthorized to the maximum extent possible unline the law. This document was produced by AIA software at 15:37-29 on 01/08/2014 under Order No.4898810257_1 which expires on 11/13/2014, and is not for resals. (1034825320) User Holes:

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THE PAIM HOUSE A Lanury Condominium Hotel and Spa on Palm Beach



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THE PALM HOUSE A LUXURY CONDOMINIUM HOTEL AND SPA ON PAIM BEACH

















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THE PALM HOUSE A LUNUY CONDOMINIUM HOTEL AND SPA ON PAIM BEACH



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THE PALM HOUSE A Laurancy Condominium Hotel and Spa on Palm Beach

棕榈滩公馆——棕榈滩奢华酒店改造项目 棕榈滩岛上最后—座获准建设的酒店



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棕榈滩-美国的梦想之地

THE PALM HOUSE



- ※ 彭博社评其为美国最富裕的地区
- ※ 美国四分之一的财富在这里流动
- ※ 富豪云集, 27个10亿级富豪的住所
- ※ 美国富人居住和度假胜地,强大的奢华酒店需求







棕榈滩公馆--棕榈滩奢华酒店改造项目 棕榈滩岛上最后一座获准建设的酒店

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餐华极致--棕榈滩全景

THE PALM HOUSE



棕榈滩公馆--棕榈滩奢华酒店改造项目 棕榈滩岛上最后一座获准建设的酒店
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棕榈滩上共27位全球顶级富豪

THE PALM HOUSE

















SALOMON SMITH BARNEY

A Member of Travelers Group

Blackstone





ESTÉE LAUDER

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棕榈滩上共27位全球顶级富豪

THE PALM HOUSE





\$5200万 Howard Stern电台主播



1236 Ocean Blvd

\$8150万前高盛合伙人



Donald Trump's Mansion \$9500万



150 South Ocean Blvd, \$2600万 David Koch of Koch Industries (美国第二大私人企业, 2012年福布斯第17位富豪)

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棕榈滩公馆的位置——棕榈滩岛

THE PALM HOUSE







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棕榈滩公馆的位置--金融街中心

THE PALM HOUSE



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棕榈滩公馆 项目介绍

THE PALM HOUSE





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棕榈滩公馆 项目介绍

THE PALM HOUSE

- 总面积为128,000平方尺
- 一共79间奢华房间的酒店
- 直接建造在棕榈滩岛上
- 顶级富豪的私密会所
- 已动工一年半,施工在稳步进行
- 世界级富豪和名流的家
- 岛上最后一个被获准建设的酒店





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奢华独特的设计--已完成80%工程量

THE PALM HOUSE



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奢华独特的设计--已完成80%工程量

THE PALM HOUSE



Case 9:16-cv-81871-XXXX Document 1-44 Entered on FLSD Docket 11/14/2016 Page 57 of 86



奢华独特的设计--已完成80%工程量

THE PALM HOUSE





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HBA 全球最大的酒店设计事务所

THE PALM HOUSE





⇔HBA

Inge Moore Named Designer of the Year+Six Nods for HBA in the 2013Gold Key Awards



Grand Hyatt Shenyang



Luxury Collection Hotel Maria Cristina



The Alpina Gstaad, Switzerland



Extreme Wow Suite At W Singapore



InterContinental London Park Lane



Hotel Alfonso XIII, Seville



Four Seasons Hotel, Guangzhou



Hyatt Regency Chongqing

棕榈滩公馆由IngeMoore 2013年全球最佳酒店设计师设计

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HBA设计1200个以上五星级豪华酒店

表示在该地区拥有3家或以上的酒店



棕榈滩公馆--棕榈滩奢华酒店改造项目 棕榈滩岛上最后一座获准建设的酒店

THE PALM HOUSE

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酒店总经理:Niklaus Leuenberger

- 2011-2013 The ALpha Gstaad 董事总经理
- 2010-2011 Resort Development Company COO
- 2007-2009 The New York Palace 董事总经理
- 2004-2007 半岛酒店北美副主席
- 2003-2007 半岛酒店集团管理委员会执行委员
- 1999-2003半岛酒店美国区域经理
- 1992-2007纽约半岛酒店总经理
- 1988-1992 马尼拉半岛酒店总经理
- 1987-1988香港九龙酒店总经理
- 1984-1987 广州花园酒店总经理
- 1982-1984香港半岛酒店执行经理
- 1981-1982 北京建国饭店副总经理
- 1981香港马可波罗酒店筹备经理
- 1980-1981马尼拉半岛酒店餐饮经理



M HOUSE

THE PAI



30年顶级酒店管理经验

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投资者将额外获得 会所会籍50%折扣

THE PALM HOUSE



会籍会员的福利包括:

Hawker Jet 850 X P 私人飞机
100'Yacht 游艇
Rolls Royce Ghost劳斯莱斯接送
24小时管家服务,代客泊车
传统欧洲spa,健身中心和游泳池
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投资奖励计划: 投资期内每个投资者会免费获得: 每年1周免费住宿 以及提前预定的各项优惠



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开发商 Robert Matthews

THE PALM HOUSE





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Robert V. Matthews Matthews Ventures Holdings, LLC主席

过去25年他曾控股的著名企业

- a. Matthews Hospitality Group, LLC
- b. Echelon Engineering & Construction, Inc. b.
- c. Stromberg, LLC
- d. Bentley Churchill Acquisitions, LLC
- e. Fabricated Metal Products, Inc.
- f. Palm Beach Marina Holding Corp.
- g. Matthews Ventures Holdings, LLC

他参与的慈善基金

a. American Cancer Society

THE PALM HOUSE

- b. American Indian Archaeological Institute
- c. American Ireland Fund
- d. Children's Home Society
- e. Dana-Farber Cancer Institute
- f. Foundation for the Advancement of Catholic Schools
- g. March of Dimes

闻名美国地产界的著名案例: 1994年收购New Haven一幢30万平方尺的写字楼,一年时间将其出租率从18%提升至93% 用50万美金收购New Haven乔治大街300号一幢56万平方尺的写字楼,两年后用55倍的价格出售

Matthews Ventures Holdings目前在全美持有6亿美元的豪华公寓和酒店资产组合

MVH 是HIG Acquisitions LLC主要控股股东,该私募基金致力于收购全球的5星级酒店资产以重新定位;

Matthews Hospitality Group, 一家致力于收购豪华物业以改善其经营的基金. Matthews 刚完成其家族慈善基金Matthews family foundation 的募集。



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美国年度企业家 知名地产商

THE PALM HOUSE



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THE PALM HOUSE



Point Breeze on Nantucket Island









开发商开发的环球奢华酒店

THE PALM HOUSE



Four Seasons French Polynesia, Bora Bora





THE PALM HOUSE



Hyatt Regency Cartagena Hotel and Residences





THE PALM HOUSE



Delano Hotel Mars de Indias Cartagena/Greg Norman Golf-Delano Luxury Resort-commence summer 2014 Mexico





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开发商开发的环球奢华酒店

THE PALM HOUSE



Marriott Courtyard Hotel (Chelsea, NY), the newest Courtyard in Manhattan Just completed



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区域中心和目标就业区



THE PALM HOUSE





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- 就业报告由EB-5权威专家Michael Evans编写
- 保守预计新增就业机会为移民局要求的120%
- 施工已于2012年9月开始,主体工程已经结束
- 24%的入住率,即可满足所有EB-5投资者解除I-829

投资明细		根据RIMS-II 模型预计新增就业机会数据		
投资额	50万美金			合计
发行费	4万美金	建筑	688.2	688.2
律师费	1.5万美金	X±410	000.2	000.2
投资收益	每年0.25%借款利息	酒店运营	265.5	265.5
投资周期	5年		总计	953.7



就业机会--采用比可行性报告保守的数据计算就业



Callaway & Price, Inc.

Real Estate Appraisers And Consultants Licensed Real Estate Brokers

Income Approach – Conventional Hotel

Consolidated Revenues

Room Revenue

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The owner projects occupancy between 68% and 75% for Year 1 operations; while in our opinion a stabilized occupancy of 75% is reasonable given the small size of the property and the level of quality, we have stepped occupancy in our analysis to achieve that stability. We have utilized a **63%** Year 1 occupancy increasing by Year 4 to stabilized 75% annual occupancy.



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A final factor to be considered is that space is extremely limited on Palm Beach Island, and it is very unlikely that any more hotels will be built in the city. As a result, occupancy rates are likely to be relatively high in the coming years, with little or no chance of other hotels being opened right in the city.

We thus consider the following factors in counting the operating jobs from the hotel and ancillary services.

- 1. The developer will operate the hotel. It will not be leased to a "flagship" name.
- 2. The occupancy rate for 5-star Palm Beach hotels is near 100% in the peak months.
- 3. No more hotel rooms will be built in the city of Palm Beach in the foreseeable future.

Hence we are fully justified in counting the operating jobs even if the stated rate of occupancy is only 51% in 2015.

Posted rates for these four hotels start at an average of \$525 per night but that figure is somewhat misleading for two reasons: only a relatively few rooms in each hotel are available at the lowest rate, and rooms during high season (January-March) are generally available only at much higher prices. For example, a search of the website for the Breakers and the Four Seasons Hotel in Palm Beach on November 21, 2012, for a wide variety of dates during the first quarter of 2013 revealed either that no rooms were available at all, or that the minimum quoted rates were all above \$1,000. For this reason, the first year price of \$522.50 per night for the Palm House Hotel is quite conservative; it also takes into account the fact that rates are usually about \$100 per night lower during the summer months.

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棕榈滩酒店市场

THE PALM HOUSE



The next question is the issue of the occupancy rate, which the developer has assumed to be 61%. This is a very conservative figure, as the occupancy rate for Palm Beach hotels, according to Smith Travel Research and the Palm Beach County Tourism Department (see below) is usually 70% on an annual basis. This figure is well below the 78% figure that is generally considered to indicate a shortage of hotel rooms. However, the seasonal swings for Palm Beach County are much wider than most locations, as shown next in Table 9-2 (note: no separate figures are available for 5-star hotels in Palm Beach). While the average annual rate is 70%, the rate rises above 86% in February and March, and as already noted, as of November, 2012, the 5-star hotels in Palm Beach are almost completely sold out for February and March 2013.

棕榈滩郡(含大陆)部分 全年入住率最低月份54.3%

Table 9-2. Hotel Occupancy Rates by Month, Palm Beach County, 5-Year Average

October	65.8
November	72.9
December	67.5
January	76,9
February	36.2
March	36.6
April	75.1
May	67.4
June	66.9
July	62.7
August	59.I
September	54.3

Source: Report on Palm Beach County Tourism

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棕榈滩酒店市场--岛上仅有的四家同级酒店历史50-80年





The Colony Hotel one block south of Worth Avenue east of County Road and one block off the ocean is very similarly located to the subject. It contains 80 rooms including 13 suites and three penthouse suites and has been operating for more than 50 years. Amenities are also similar to the subject, with courtyard, pool, restaurant and lounge. Rack rates range from \$190 to \$950 off-season and from \$300 to \$1,300 during the season.

This property is substantially inferior to the subject with regard to room size, amenities, guality of interior finish and appointment.



THE CHESTERFIELD quality of finish and amenities.

The Breakers is a 550 guest-room (including 58 suites) resort property listed on the National Register of Historic Places. The Breakers, as it is today, opened in 1926; originally built in 1896 by Henry Morrison Flagler, it was twice destroyed by fire prior to that re-opening. The property has the AAA Five Diamond Award and since 1990 capital improvements under its ongoing revitalization program have totaled.

The Chesterfield Hotel is a 55-room landmark hotel built in 1926, located on Cocoanut Row, one block south of the subject and three blocks west. The Chesterfield is billed as more an exclusive English club than a hotel. It carries the Four Diamond Award from AAA and Mobil Four Star award as well as being one of only seven prestigious Red Camation Hotels. Amenities include Cigar Room, world famous Leopard Lounge and Restaurant. Current rack rates are \$250 to \$715 off-season and from \$415 to \$1,620 in-season. This property is also inferior to the subject with regard to room size.



revitalization program have totaled \$250 million. The property has two 18-hole championship golf courses, a 20,000-square-foot luxury spa with ocean view fitness center, beach club, one-half mile of private beach, five swimming pools, variety of water sports, 10 tennis courts, eight restaurants and various retail boutiques. Current rack rates are \$369 to \$1,102 off-season and from \$419 to \$2,025 inseason. Rates are higher for some suites particularly in-season. While not truly comparable to the subject, this property's level of finish and quality may present the most similarity.

THE PART OF A

The **Brazilian Court** is an S0-room property located on Australian Avenue at Hibiscus, three blocks from the ocean. Operating as a hotel since 1926; the property underwent a condominium conversion following a \$20 million + renovation over the recent past. The hotel is now in operation and is an affiliate of Leading Hotels of the World. Amenities include restaurant, lounge and spa / salon.

51

BRAZILIAN COURT

Current rack rates are from \$249 to \$1,349 off-season and \$549 to \$1,549 in the high season. It should be noted that the Brazilian Court's construction / renovation during conversion to hotel condominium was extremely protracted and as of the date of value, we received notice that the construction which began in early 2003 and was planned for approximately 15 months, just completed. As complete, the Brazilian Court remains inferior to the subject due to much smaller units.

平均房价\$500-\$2000/晚

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棕榈滩酒店市场—五星级酒店价格





平均房价\$500-\$2000/晚

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GMAX 合同---2014年底前完工

THE PALM HOUSE

AIA Document A101" - 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the 2 day of January in the year 2013 (In words, indicate day, month and year.)

BETWEEN the Owner: (Name, Jegal status, address and other information)

Palm House 160 Royal Palm LLC 160 Royal Palm Way Palm Beach, FL 33480

and the Contractor: (Name, legal status, address and other information)

Nichotas Laudano New Haven Costracting South, Inc 638 Shore Drive Boynton Beach, FL 33435

for the following Project: (Nume, location and detailed description)

The Palm House Hotel 160 Royal Palm Way Palm Beach, 33480 Camplete Renovation of 160 Royal Palm Way a 79 Room Hotel, Spa, Restaurants and Club in Palm Beach.

The Architect: (Name, legal statux, address and other information)

Rafael Rodriguez RAR Architect Inc 44 Coconut Row, Unit T-6 Palm Beach, FL 33480

The Owner and Contractor agree as follows.

ADDITIONS AND DELETIONS The author of this decoment line added information needed for its completion. The author may also have revised the text of the original AlA standard form. An Additions and Deletions Report linet nuine added information as well as revisions to the standard form toxt is available from the author and should be reviewed. A vertical line in the left margin of bisdocument indicates where the autom has added nucessary information and where the sullior has added to or detoted from the original AIA text. This document has important legal

consequences, Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201**-2007, General Conditions of the Contract for Construction, is alwopted in this document by reference. Do not use with other general conditions unless this document is modified.

1

.2 Other documents, if any, listed below:

(List here any additional documents that are intended to form part of the Contract Documents. All Document A201–2005 provides that bidding requirements such as advertisement or invitation to bid, Instructions to Bidders, sample forms and the Contractor's bid are only purt of the Contract Documents unless enumerated in this Agreement. They should be listed here only if intended to be part of the Contract Documents.)

ARTICLE 10 INSURANCE AND BONDS

The Contractor shall purchase and maintain insurance and provide bonds as set forth in Article 11 of AIA Document A201-2007.

(State honding requirements, if any, and limits of Itability for insurance required in Article 11 of AIA Document A201-2007.)

Type of insurance or bond General Liability Workers Compensation

ulo

OWNER (Signature)

160 Royal Palm LLC

(Printed name and litle)

Limit of liability or bond amount (\$0.00) \$2 Million Per Trade Requirements

This Agreement entered into as of the day and year first written above

in

Rog CONTRACTOR (Signature).

Nicholas Laudano President (Printed name and title)

All Document A181** - 2007. Copyright © 1915. 1918, 1925, 1937, 1751. 1955, 1967, 1974, 1977, 1967, 19

AAA Document A101¹¹⁰ - 2007. Copyright © 1915. 1910. 1925, 1937, 1958, 1961. 1903, 1907, 1977, 1987, 1977, 1987,

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THE PALM HOUSE

专业从事豪华酒店及豪宅市场



商业零售项目

- Angles Restaurant at The Ritz Carlton
- Nick' s New Haven Style Pizzeria and Bar
- Sky Salon and Spa
- Botega Guillianna Bar & Club
- Ann Taylor
- Bal Harbour Shops
- Quizno' s Subs
- Starbucks
- Cold Stone Creamery
- CVS



The Clarion, Hamden, Connecticut



Nantucket Inn/Point Breeze Inn



Ritz Carlton, Manalapan, Florida

高端豪宅项目

- Chapel Square Tower,
- Strouse Adler,
- The Metropolitan,
- Granby Mills,
- 55 Trumbell,
- Chapel Square Mall,
- 27 Jackson Street,
- 901 Main Street

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移民律师--Bernard Wolfsdorf

THE PALM HOUSE



连续4年全球排名第一移民律师



Bernard Wolfsdorf



- 全球最大的移民律师事务所
- Bernard Wolfsdorf 是美国移民律师协会前主席
- 20年EB-5移民律师从业经验
- 连续4年评为全球最好的移民律师



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酒店运营数据预测

1	THE	E PA	ΛLM	I H(DU	SE
	Aluxury	Condom	duium Hou	el and Spa	on Palm I	Beach

Palm House Hotel - Palm Beach, Flo Proforma Income Statements Assamptions / Inpata	rida <u>Routa</u>		Vaur 1 1014	Year 2 2011	5000 2010	Yaur 4 airr))/647 1 2016	Yuer B 2019	Yuar 2 2020	Vear 1	Vinar 1 2022	Hair 10 2122
Number of Total Keys	79											
Total Available Room Nights	365		28 835	28,835	28,835	28.835	28.835	28,835	28,835	28,835	28,835	28,835
Hotel Projected Occupancy %			58.0%	61.0%	63.0%	65 0%	64.0%	63.0%	62.0%	65.0%	57.0%	55.05
Total Projected Occupied Room N	iights (ORN)		16,724	17,589	18,166	18,743	18,454	18,165	17,878	18,743	19,319	19,03
Total Projected Occupancy %		-	58.0%	51.0%	63.0%	65.0%	64.0%	63.0%	62.0%	65.0%	67.0%	56.04
Hotel Projected Average Daily Rate		÷.	500.00 5	522.50 \$	551.24 \$	573.29 \$	590.49 \$	596.39 \$	588.94 \$	577 16 \$	601.69 \$	624.25
Total Projected Room Revenue		\$	8,362,150 \$	9.190.435 \$	10,013,808 \$	10.744,975 \$	10.897.058 \$	10.834.059 \$	10.525.014 \$	10.817.507 \$	11.624.243 \$	11 880.150
Total Projected Average Daily R	ate (ADR)	\$	500.00 \$	522.50 \$	551.24 \$	573.29 \$	590.49 \$	596,39 \$	588.94 \$	577.16 \$	601.69. \$	624.25
Total Proj Revenue Per Available F Projected Total RevPAR Growth	Room (RevPAR)		\$290.00 NA	\$318.73 9.91%	\$347.28 6.96%	5372.64 7.30%	\$377.91 1.42%	\$375.73 -0.58%	\$365.14 -1.82%	\$375.19 2.74%	\$408.13 7.46%	\$412.00 2.209
Food & Beverage Spa / Salon / Filness Center	Annual 5 Ohg 45% of ADR 3% of ADR 3.25% of ADR		NA 225.00 1 40.00 1 16.25 5	4.50% 235.13 5 41.80 5 16.98 \$	5.50% 348.06 \$ 44.10 \$ 17.92 \$	4 00% 257 98 1 45 86 1 18,63 5	3.00% 285.72 \$ 47.24 \$ 19.19 \$	1.00% 268.38 \$ 47.71 \$ 19.38 \$	-1.25% 265.02, \$ 47.11 \$ 19.14 \$	-2.00% 259.72 \$ 46.17 \$ 18.76 \$	4.25% 270.76 \$ 48.03 \$ 19.55 \$	3.755 280.91 49.94 20.25
Spa (Selon / Fitness Center	FOR Not Fab Rev Sof Spo Rev Sof Other Inc	1	75.00 \$ 80% \$5% 50%	76.88 5 78% 63% 47%	78.80 \$ 75% 61% 45%	80.77 \$ 73% 64% 44%	82.79 \$ 76% 66% 43%	84.86 \$ 79% 62% 45%	86.98 3 77% 60% 45%	89.15 \$ 7455 63% 47%	\$1.38 1 724 82% 45%	93,56 718 549 425
Undistributed Operating Expanses Administration & General Sales & Monieting Energy Costs / Utilise Maintenance	PLAT PLAT PCR PCR PAR		25,00 5 20,00 5 15,00 5 15,00 5	26 13 \$ 20 90 \$ 15,58 \$ 15,58 \$	27.30 \$ 21.84 \$ 16.38 \$ 16.38 \$	28,53 \$ 22,82 \$ 17,12 \$ 17,12 \$	29,81 5 29,85 5 17,89 5 17,89 5	31.15 \$ 34.92 \$ 18.69 \$ 18.69 \$	32.56 \$ 26.05 \$ 19.53 \$ 19.53 \$	34.02 \$ 27.22 \$ 20.41 \$ 20.41 \$	25,55 \$ 28,44 \$ 21,33 \$ 21,33 \$	37.15 29.71 22.29 22.29
tanagement Fee & Villa Owners Net Base & Incertive Management Fe		í.	5.00%	3.25%	3.83%	3.25%	3.0%	3 15%	3.08%	3.22%	3.10%	3 055
ither Deductions Property Tax Exp Insurance Exp Reserve for Replacement	RAR Res % of Total Rev		7,50 5 6,30 5 2,50%	780 5. 630 5 2.50%	8.11 \$ 5.62 \$ 2.50%	8.44 § 5.95 \$ 2.50%	877 8 7.29 8 2.50%	9.12 5 7.66 \$ 2.50%	949 \$ 8.04 \$ 2.50%	8.87 \$ 8.44 \$ 2.50%	10.26 \$ 8.88 \$ 2.50%	10,67 9.31 2.505

Palm House Hotel - Palm Beach, Flunds Professora busine: Statements	7	7	1	7	7	1	7	Yes	1	- Vilat
75 Mays (Norms)	in.	2010		1077	101	- inte	1970	-	ain -	12
Operating Statistics										
Available Room Namit: (ASCR)	25.835	25.821	28,835	19.155	35 885	23,535	28,855	15.831	15.235	25.855
Decusied Room Name: (OR7)	16.724	17:16	18.166	18,743	15,414	18,166	17,878	18/743	19.319	19,054
Occupancy %	58.0%	61.0%	£1.09e	65.0%	64.0%	63.0%	62.0%	65.0%	67.0%	56.0%
Average Daily Rate (ADR)	\$500.00	\$511.50	\$551.24	8573.29	\$590.49	\$596.39	8588.94	\$\$77.16	5601.69	1674.29
Revenue Per Annihelie Room (Rev PAR)	5290.00	KELLE TH	\$2=7.28	1372.64	\$377.91	\$875 TB	1365.04	\$370.15	540313	3461.00
RevEAR Growth	NA	491%	8.96%	7.306+	1.42%	-0.5254	-0.82%	2.74%	7.46%	2.30%
Revenue		100 million (1990)	and a second second	Sector Sector				Contraction of the	The second second	
Roomy	1 1361130 5	\$ 190.411 E	10,013,208 5	10,747,975 5	10,891,055 1	10.534,079 5	10,312,214 8.	10,817,507 1	11.524.248 \$	11,530,150
Food & Bevernes	3,762,963	4.135,696	4,506,214	4,\$35,239	4,5123, 576	4.675,327	4,737,966	4.867.878	5,230,910	3,546,068
Spa / Salata / Fitmers Counter	665,972	735,235	501,105	859,398	871,761	566.725	E#2,305	865,401	809.33Y	950,912
Other Income (Retrill, Teldom, Event Space Renni)	271,770	295,659	325,449	349,212	354.154	\$52,107	342,156	351,555	377,788	586,105
Total Revenue	13,065,959	14,360,055	15,646,575	16,789,023	17.026,651	16,928,217	16,451,271	16,902,355	18,167,380	19,562,735
Total Revenue Growth	NA	9.91%	8.96°=	7.30%	1.42%	-0,58%	-12.82%	2,74*	7.25%	2,20%
Departmenial Expenses					177 B					
Rooms	1,234,323	1 3 52 181	1,431,428	1,513,792	1,517,767	3,541,491	1,554,949	1,570,943	2,765,43.6	1,752,543
Food & Beverage	5,010,374	3,221,943	3,379,660	3,529,724	3,736,794	3.811,50H	3,645,234	3.602,230	5,765,275	5,795,708
Spa Salon Fitness Center	434,832	467,199	488,674	550,E43	175,365	\$37,369	505,363	545,200	576,582	509,264
Other Income (Recal, Talicom, Fourt Space Ramal)	135,915	140,354	146,452	153,653	152,256	258,448	157,406	165.237	170,005	161,164
Toral Departmental Expense:	4,535,413	5,181,606	5,446,214	5,747,312	5.982,210	6.088,817	5,565,972	5,983,613	\$,278,237	6,349,679
Departmental Expense Ratio	37%	16%	3.9%	54Fa	35%	36%	36*	35%	3.7%	345
Undivisibuled Operating Expension										
Administration & General	720,875	723,334	787,21#	822,633	8,59-657	898,341	938,767	951,011	1,025,157	1,071,259
Sales & Marketing	576,700	642,872	629,771	653,111	651.721	718,673	751,013	784,809	\$29,125	657,031
Energy Costs / Utilines	250,565	271.773	297,567	320,829	330,205	339,573	3+9,221	383,594	412,119	424,230
Mainmenance	432,525	-989.13%	472,328	493,583	515.764	\$29,005	363,260	588,607	515,094	642,773
Total Undertributed Operating Expenses	1,950,965	2,153,965	1,136,379	2,295,160	1,393,285	2,495,592	2,602,261	2,737,021	2,872,489	2,995,324
Total Understand Operating Expenses Growth	NA	1.33%	÷,93%÷	4,95%	4.23%	4.07%	4.27%	5,18°=	4,90%	÷,25%
Gran Operadug Profit	6,249,482	7.094,782	8,013,482	8,746,551	6,651,158	8.343,808	7,995,038	\$ 181,721	9,012,154	9,218,733
Gross Operating Profit Margin	48* :	+9%	51%	52°#	23%	49%	49%	45°n	50P+	50%
Total Management Fee:	391,976	456,702	521,031	545,643	510,800	533,239	501,764	540.815	563,049	566,163
Total Management Fees Growth	NA	19.05%	11.64%	4.2%	-6.39%	4.39%	-5,90%	1.3%	4.10%	0,53%
Qiher Deductions	and the second	00.000	200.00	-				Ches when	division .	-
Property Trass	216,263	224,913	233,310	243,266	211.981	263,116	273,641	354,787	295,370	307,509
Incorney Expanse	173,010	181,661	190,7=	200,251	310,291	220,309	251,630	343,441	155.53	265,395
Total Other Delacnen:	359,273	496.514	424,653	443,547	461.291	483,926	505,491	528,029	251,585	576,204
Total Other Deductions Growth	NA	44456	4,49%	-5:45fa	4.4%	4,45%	9.46%	4.46*	4.49%	- 40%
Net Operang Profit	5,465,233	6311.516	7.067.798	7.757,361	1.67 LDET	7,326,643	6,975,794	1111316	7,897,520	9,076,363
Net Operating Profit Margan	42**	42%	+5%÷	467.0	45%	+3%	42*,	425	+3*6	44
Reserve for Replacement	326,646	199,061	391,164	419,726	425,000	423,205	411,282	422,598	454,072	164,068
Projected EBITDA NOS	i unar i	SHUSE	APRIL 1	PLUCKER 1	12011	\$200.am 1	6,314,502 1	6,690,251 1	THEAM &	611.29
Proj. EBITDA 'Net Operating income Margin	395	47%	-95	12 % ,	425	41%	405.	-40%	41%	41%

经营稳定期年利润720万

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THE PALM HOUSE





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THE PALM HOUSE

Mr. Peter Kampine Onon Bank June 10, 2008 Page Two



Callaway & Price, Inc.

Real Estate Appraisers And Consultants Licensed Real Estate Brokers

It should be noted that hospitality operation is a very management intensive venture; the reported values are conditioned upon competent, professional management by those experienced in high-end, ultra-luxury hotel operations in a resort market. Absent such management, the value conclusions herein may well change.

酒店估值

Palm House Summary of Values as of February 2, 2008 & Prospective Future Values as of August 30, 2009

As Stabilized Conventional Hotel		
August-09	\$137,500,000	
Costs to Complete		
February-08	(\$34,897,566)	
Conventional Hotel Less Costs to Complete		
August-09	\$102,600,000	
Discount; 18 Mos. For construction / Start-up		
@ 9% Factor x	0.8742	
	\$89,692,920	
As is Value - Conventional Hotel	\$90,000,000	
Discounted Sellout of Condo Units (profit deducted)		
August-09 *	\$25,300,000	
Developer Profit from Sellout of Condo Units (Rd.)	\$5,010,000	
As Stabilized Condo Hotel after Sellout		
August-09 *	\$118,000,000	
* includes Real Estate & FFAE		
Furnishings, Fixtures & Equipment		
Allocation	\$4,000,000	
Discounted Sellout of Club Memberships		
August-09	\$66,500,000	
	August-09 Costs to Complete February-08 Conventional Hotel Less Costs to Complete August-09 Discount; 18 Mos. For construction / Start-up @ 9% Factor x As is Value - Conventional Hotel Discounted Sellout of Condo Units (profit deducted) August-09 * Developer Profit from Sellout of Condo Units (Rd.) As Stabilized Condo Hotel after Sellout August-09 * Includes Rea) Estate & FFAE Furnishings, Fixtures & Equipment Allocation Discounted Sellout of Club Memberships	August-09 \$137,500,000 Costs to Complete February-08 February-08 [534,893,566] Conventional Hotel Less Costs to Complete August-09 August-09 \$102,600,000 Discount; 18 Mos. For construction / Start-up 0.8742 © 9% Factor x As is Value - Conventional Hotel \$90,000,000 Discounted Seliout of Condo Units (profit deducted) August-09 August-09 \$25,300,000 Developer Profit from Seliout of Condo Units (Rd.) \$5,010,000 As stabilized Condo Hotel after Seliout \$118,000,000 As Stabilized Condo Hotel after Seliout \$118,000,000 * includes Real Estate & FFAE Furnishings, Fixtures & Equipment Allocation \$4,000,000



权威机构估值 项目第五年价值 \$137,500,000 为EB5借款的3.48倍

79个单位的平均价值: \$1,734,177
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THE PALM HOUSE



还款资金来源:

- 48%的负债比率,再融资非常便利
- 每年720万的利润
- 会所会籍的销售

棕榈滩公馆--棕榈滩奢华酒店改造项目 棕榈滩岛上最后一座获准建设的酒店

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THE PALM HOUSE

- 投资款50万美金,管理费4万美金,律师费1.5万美金
- 每年投资回报0.25%,投资期5年



棕榈滩公馆--棕榈滩奢华酒店改造项目 棕榈滩岛上最后一座获准建设的酒店

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THE PALM HOUSE

- ※ 项目首批客户已获得I-526正式批准,审批速度大大加快
- ※ 美国最富裕的地区,美国四分之一的财富在这里流动,27个10亿级富豪的住所
- ※ 棕榈滩岛上最后一座获准建设的酒店
- ※ 美国富人居住和度假胜地,强大的奢华酒店需求
- ※ 开发商实力雄厚,开发的酒店遍布全球
- ※ 酒店由全球最佳酒店设计师设计, 奢华独特的设计势必吸引全球富豪到此度假
- ※ 项目已于2012年9月动工并已完成80%, 且购买完工保险, 无须担心项目不能完工
- ※ 全球第一移民律师严控把关,确保移民之路安全无忧
- ※ EB-5权威专家Michael Evans根据RIMS-II计算新增就业机会为移民要求的120% ※ 48%的负债比率,再融资非常便利;酒店估值为EB-5资金的3.48倍,保障还款

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STATE OF FLO	RIDA UNIFORM	COMMERCIAL CODE				
	ATEMENT AMEN PHONE NUMBER OF CONTA		FLORIDA SI	CURED TRANSACTION F	REGISTRY	
	1 561.282.6102	CTPERSON		FILED		
	GEMENT TO: JSE HOTEL, LLLP.			2012 Oct 01 08:00 AM 201207621836 *	****	
· · · · · · · · · · · · · · · · · · ·	Federal Highway, Suite	60	EXHIBIT	201207021050		
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City/State/Zip Bo	oca Raton, FL 33432	ā	THE ABOVE SPACE	IS FOR FILING OFF	FICE USE ONLY	
1a. INITIAL FINANC	ING STATEMENT FILE	# 1b.	This FINANCING STATE [for record] (or recorded)	EMENT AMENDMENT	Γ is to be filed	
2. CURRENT RECOR	RD INFORMATION - DE	BTOR NAME - INSERT ONLY O				
2a. ORGANIZATION'S PALM HOUSE H	NAME IOTEL, LLLP					
2b. INDIVIDUAL'S LAS		FIRST NAME	MIDD	LE NAME	SUFFIX	
3. CURRENT RECOR	D INFORMATION - SEC	CURED PARTY NAME - INSEI	RT ONLY ONE SECURED PAR	TY NAME (3a OR 3b)		
Palm House Hotel, L						
3b. INDIVIDUAL'S LAS	ST NAME	FIRST NAME	MIDD	LENAME	SUFFIX	
4. TERMINAT authorizing this	ION: Effectiveness of the Fina Termination Statement.	ncing Statement identified above is te	rminated with respect to security	interest(s) of the Secure	d Party	
5. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.						
6. ASSIGNMENT (full or partial): Give name of assignee in item 9a or 9b and address of assignee in item 9c; and also give name of assignor in item 11.						
7. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes.						
		provide appropriate informatio		iccord. encer only one	or allose two boxes.	
CHANGE name	and/or address: Give current re me (if name change) in item 9a	cord name in item 8a or 8b; D	ELETE name: Give record name be deleted in item 8a or 8b.		Complete item 9a or 9b, omplete items 9d-9g (if	
(if address change				applicable).	Simplete items 3d-3g (it	
8. CURRENT RECOR	D INFORMATION - INSI	ERT ONLY ONE NAME (8a OR 8b)) - Do Not Abbreviate or Combin	e Names		
8a. ORGANIZATION'S	NAME					
8b, INDIVIDUAL'S LAS	ST NAME	FIRST NAME	MIDD	LENAME	SUFFIX	
9. CHANGED (NEW) OF 9.a ORGANIZATION'S		- INSERT ONLY ONE NAME (9a (OR 9b) - Do Not Abbreviate or C	ombine Names		
96 INDIVIDUAL'S LA	STNAME	FIRST NAME	MIDD	LENAME	SUFFIX	
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9.d TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	9.e TYPE OF ORGANIZATION	9.f JURISDICTION OF OR	GANIZATION 9.g (DRGANIZATIONAL ID#	
10. AMENDMENT (C	L OLLATERAL CHANGE)	: check only one box.			NONE	
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	he debtor, now c	wned or hereinafter	acquired, and all	products the	reof,	
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11. NAME OF SECUI	RED PARTY OF RECOR	D AUTHORIZING THIS AME	NDMENT (name of assignor, i	f this is an Assignment). If this is an Amendment	
authorized by a Debtor, which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing this Amendment.						
Palm House Ho						
11b. INDIVIDUALS' LA		FIRST NAME	MIDD	LENAME	SUFFIX	
12. OPTIONAL FILE	R REFERENCE DATA					
STANDARD FORM - FO	DRM UCC-3 (REV.01/2009)	Filing Office Co	py Appr	oved by the Secretary	of State, State of Florida	

U.S. Department of Homeland Security U.S. Citizenship and Immigration Services *Immigrant Investor Program* 131 M Street, NE, MS 2235 Washington, DC 20529

EXHIBIT

M



U.S. Citizenship and Immigration Services

DATE: November 19, 2015 Application: Form I-526 A-Number: File: WAC1490316853

DECISION

Your Form I-526, Immigrant Petition by Alien Entrepreneur, filed by has been denied for the following reason(s):

See Attachment

If you desire to appeal this decision, or file a motion to reopen and/or reconsider, you may do so. Your notice of appeal or motion must be filed on Form 1-290B, Notice of Appeal or Motion, within 33 calendar days of the date of this notice. A filing fee of \$630.00 is required, payable to U.S. Department of Homeland Security, with a check or money order from a bank or other institution located in the United States. If no appeal or motion is filed within the time allowed, this decision will be the final decision in this matter. The appeal or motion may not be filed directly with the AAO. Initial filing of the Form 1-290B should be sent to:

USCIS OR USCIS Attn: I-290B P.O. Box 660168 2501 S. State Highway 121 Dallas, TX 75266 Business Suite 400 (For Postal Service Delivery) Lewisville, TX 75067 (For Express Mail/ Courier)

In support of your appeal, you may submit a brief and/or additional evidence, either with the initial filing or within 30 calendar days of the initial filing. If necessary, you may request additional time to submit a brief. Such request must also be made within 30 calendar days of filing. Note, however, that an extension of time to file the appeal may not be granted. Any brief, written statement, or other evidence not filed with Form I-290B, or any request for additional time for the submission of a brief or other material must be sent directly to the AAO at the following address:

USCIS Administrative Appeals Office U.S. Citizenship and Immigration Services 20 Massachusetts Ave., N.W., MS 2090 Washington, DC 20529-2090

However, if you are filing a motion, any supplementary arguments or evidence <u>must be filed with the motion to</u> reopen and/or reconsider. No additional time will be permitted.

c/o Bernard Wolfsdorf, Esq. Wolfsdorf Rosenthal LLP 1416 2nd Street Santa Monica, CA. 90401

The Small Business Regulatory Enforcement and Fairness Act established the Office of the National Ombudsman (ONO) at the Small Business Administration. The ONO assists small businesses with issues related to federal regulations. If you are a small business with a comment or complaint about regulatory enforcement, you may contact the ONO at www.ombudsman.sba.gov or phone 202-205-2417 or fax 202-481-5719.

Sincerely,

Julalos Colmi

Nicholas Colucci Chief, Immigrant Investor Program

cc: Bernard Wolfsdorf, Esq. Wolfsdorf Rosenthal LLP 1416 2nd Street Santa Monica, CA. 90401

NOTICE OF DECISION

Form I-526, Immigrant Petition by Alien Entrepreneur Palm House Hotel LLLP

Procedural History

("Petitioner") filed a Form I-526, Immigrant Petition by Alien Entrepreneur, seeking immigrant visa classification pursuant to section 203(b)(5) of the Immigration and Nationality Act ("INA") on May 29, 2014. Petitioner asserts eligibility based on an investment in South Atlantic Regional Center (the "Regional Center") pursuant to the Immigrant Investor Program.¹ The Form I-526 and the evidence presented assert that Petitioner invested \$500,000 into Palm House Hotel LLLP – the new commercial enterprise (the "NCE"), on April 28, 2014. The NCE proposed to pool \$39,500,000 from 79 immigrant investors and lend the entire amount to Palm House LLC – the job creating entity (the "JCE").² The JCE intends to renovate and develop a resort hotel in Palm Beach, Florida.

INA § 203(b)(5)(A) provides classification to qualified immigrants seeking to enter the United States for the purpose of engaging in a new commercial enterprise (including a limited partnership)-

(i) in which such alien has invested (after the date of the enactment of the Immigration Act of 1990) or, is actively in the process of investing, capital in an amount not less than the amount specified in subparagraph $(C)^3$, and

(ii) which will benefit the United States economy and create full-time employment for not fewer than 10 United States citizens or aliens lawfully admitted for permanent residence or other immigrants lawfully authorized to be employed in the United States (other than the immigrant and the immigrant's spouse, sons, or daughters).

In addition to the governing regulations, notably 8 C.F.R. § 204.6, legacy Immigration and Naturalization Service published four precedent decisions regarding the EB-5 immigrant visa classification, namely: *Matter of Soffici*, 22 I&N Dec. 158 (Assoc. Comm'r 1998); *Matter of Izummi*, 22 I&N Dec. 169 (Assoc. Comm'r 1998); *Matter of Hsiung*, 22 I&N Dec. 201 (Assoc. Comm'r 1998); and *Matter of Ho*, 22 I&N Dec. 206 (Assoc. Comm'r 1998).

¹ Section 610 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1993, Pub. L. No. 102-395, 106 Stat. 1828 (1992), as amended by section 116 of Pub. L. No. 105-119, 111 Stat. 2440 (1997); section 402 of Pub. L. No. 106-396, 114 Stat. 1637 (2000); section 11037 of Pub. L. No. 107-273, 116 Stat. 1758 (2002); section 4 of Pub. L. No. 108-156, 117 Stat. 1944 (2003); and section 1 of Pub. L. No. 112-176, 126 Stat. 1325 (2012) (hereinafter "P.L. 102-395").

² Palm House LLC is also referred to herein as "Project Developer" and the "Developer".

³ The amount of capital required is \$1,000,000, except when making an investment in a targeted employment area, the amount necessary to make a qualifying investment is 500,000. INA 203(b)(5)(C)(i) - (ii); 8 C.F.R. 204.6(f)(1) (2).

Based upon a review of the initial record, Petitioner did not establish eligibility for the benefit sought. Accordingly, U.S. Citizenship and Immigration Services ("USCIS") issued a Notice of Intent to Deny ("NOID") on September 17, 2015. In the NOID, USCIS notified Petitioner that the following eligibility requirements needed further clarification or additional evidence:

• Job Creation

On October 20, 2015, Petitioner responded to the NOID with the submission of the following additional evidence.

- NOID Response Cover Letter dated October 15, 2015;
- Updated Business Plan with Attachments dated August 07, 2015 (the "2015 Business Plan");
- Court Order Appointing Receiver dated July 16, 2015 (Exhibit 1B to the NOID Response Cover Letter)
- Letter from Receiver dated August 3, 2015 (Exhibit IC to the NOID Response Cover Letter) and,
- New Economic Impact Report dated August 07, 2015 (Exhibit 6A to the NOID Response Cover Letter).

However, based on a review of the entire record of proceeding, USCIS concludes that Petitioner has not established eligibility for the benefit sought. Therefore, the petition is denied for the reasons discussed below.

Analysis

As required by 8 C.F.R. § 204.6(j)(4)(i), the petition must establish that the investment of the required amount of capital in a new commercial enterprise will create full-time positions for at least ten qualifying employees within 2 years. See also 8 U.S.C. § 1153(b)(5)(A)(ii). For purposes of the Form I-526 adjudication and the job creation requirements, the two-year period described in 8 C.F.R. § 204.6(j)(4)(i)(B) is deemed to commence six months after the adjudication of the Form I-526.

According to 8 C.F.R. § 204.6(j)(4)(i), to show that a new commercial enterprise will create not fewer than ten (10) full-time positions for qualifying employees, the petition must be accompanied by:

(A) Documentation consisting of photocopies of relevant tax records, Forms I-9, or other similar documents for ten (10) qualifying employees, if such employees have already been hired following the establishment of the new commercial enterprise; or

(B) A copy of a comprehensive business plan showing that, due to the nature and projected size of the new commercial enterprise, the need for not fewer than ten (10) qualifying employees will result, including approximate dates, within the next two years, and when such employees will be hired.

For a new commercial enterprise within a regional center, the full-time positions can be created either directly or indirectly by the new commercial enterprise. 8 C.F.R. §§ 204.6(e), (j)(4)(iii). Investors investing in a regional center are subject to all the same program requirements except that they may rely on indirect job creation as demonstrated through reasonable methodologies. 8 C.F.R. §§ 204.6(m)(1), (7).

1. Comprehensive Business Plan

Matter of Ho explained that a comprehensive business plan must be sufficiently detailed to permit USCIS to draw reasonable inferences about job-creation potential. 22 I&N Dec. at 213. Additionally, *Matter of Ho* held that a "comprehensive business plan as contemplated by the regulations should contain, at a minimum, a description of the business, its products and/or services, and its objectives." 22 I&N Dec. at 213. Elaborating on the contents of a business plan, the decision states:

The plan should contain a market analysis, including the names of competing businesses and their relative strengths and weaknesses, a comparison of the competition's products and pricing structures, and a description of the target market/prospective customers of the new commercial enterprise. The plan should list the required permits and licenses obtained. If applicable, it should describe the manufacturing or production process, the materials required, and the supply sources. The plan should detail any contracts executed for the supply of materials and/or the distribution of products. It should discuss the marketing strategy of the business, including pricing, advertising, and servicing. The plan should set forth the business's organizational structure and its personnel's experience. It should explain the business's staffing requirements and contain a timetable for hiring, as well as job descriptions for all positions. It should contain sales, cost, and income projections and detail the basis therefore. Most importantly, the business plan must be credible. *Id.*

Upon reviewing the 2013 and 2015 Business Plans and attachments, USCIS finds that the evidence in the record does not establish that the NCE will create at least ten full-time positions for qualifying employees. Specifically, USCIS notes the following deficiencies:

Dispute over Ownership of the Subject Property

In the NOID, USCIS noted that "the record contains no evidence demonstrating that the JCE owns the property or has an affiliate relationship with the owner of the property. The failure to address or include contracts and business agreements for key aspects of the project such as financing and ownership of the property detracts from the comprehensiveness and credibility of the business plan."

In response, the petitioner provided an updated business plan.

Section 3.2 of the 2015 Business Plan, Project Description, indicates the JCE "(through its whollyowned subsidiary, 160 Royal Palm LLC) already owns the subject property, having initially purchased it in August 2006." Section 4.5 of the 2015 Business Plan states "[t]he land was purchased by a company owned by the Developer in August 2006 for \$29 million; the transfer was recorded in OR Book 20776, Page 1540 of the Palm Beach County land records as a non-real estate transaction with a \$10 consideration.

However, this claim of clear ownership appears to be contradicted by information submitted by Petitioner and by public sources.

Section 4.3 of the 2015 Business Plan states that, "[p]ending an ownership dispute on the property and the Town of Palm Beach's decision not to approve a variance from the approved building plans, it is anticipated that a new construction company will be retained by a court-appointed Receiver to complete construction in accordance with the previously approved site plan." Moreover, according to the Receiver letter "the current ownership has been removed from any operational control or decision making processes regarding the project."

According to the Property Appraiser website, the property at 160 Royal Palm Way was purchased in August 2006 by Royal 160 LLC. The property was then sold in October 2009 to 160 Royal Palm, LLC. ⁴ According to contemporary news articles, the property was subsequently purchased at foreclosure auction by another real estate investor, Glenn Straub, for approximately \$10 million.⁵ Other news articles indicate that another developer and former manager of the JCE, Ryan Black, ⁶ currently has a mortgage on the property and is involved in a foreclosure lawsuit brought by Glenn Straub.⁷

Therefore because it does not appear that the JCE has clear ownership of the property, an affiliate relationship with the owner of the property or permission to execute the project, the business plan is not credible. It is true that the Receiver is expected to finish construction of the hotel, however, it is unclear if the finished product will resemble the business plan submitted to USCIS and if it doesn't, the JCE and NCE have no control to change it to match the plan submitted to USCIS.

Insufficient Evidence of Bridge Financing

The JCE was formed on December 5, 2012, the NCE was formed on January 9, 2013 and according to page 45 of the 2015 Business Plan the property was "reacquired by a subsidiary entity of the [JCE] in 2013". The Petitioner in his 2013 and 2015 business plans has attempted to take credit for expenditures and work completed through bank financing obtained before EB-5 funding and before the project

⁴ See http://www.co.palm-beach.fl.us/papa/

⁵ Kacoha, Margie. "Owner Glenn Straub continues construction work on Palm House." *Palm Beach Daily News* August 25, 2010: Web. (Accessed at http://www.palmbeachdailynews.com on April 29, 2015).

⁶ Hofheinz, Darrell. "Court action filed over padlocked Palm House." *Palm Beach Daily News* October 23, 2014: Web. (Accessed at http://www.palmbeachdailynews.com on April 29, 2015).

⁷ Bandell, Brian. "Palm Beach hotel in \$27M foreclosure despite new mortgage." *South Florida Business Journal* October 30, 2014: Web. (Accessed at http://www.bizjournals.com on April 29, 2015).

property was acquired in 2013. The Petitioner, however, has not established the use of interim or bridge financing in order to take credit for any expenses or work completed through bank financing obtained before EB-5 funding was received and before the project property was acquired in 2013.

As cited in the NOID, the 2013 business plan indicated that both the sources and uses of funds were \$91 million, therefore it did not appear that the EB-5 capital was intended to replace the bank financing, but rather to be used in addition to the bank financing.

In response to the NOID, the petitioner submitted an updated business plan. Page 24 of the 2015 Business Plan states "Construction has been ongoing over the past several years, using a mix of developer equity, bridge financing, and EB-5 funding." Page 45 of the 2015 Business Plan further states:

The project developer initially acquired the property in August 2006. The property was then sold, and reacquired by a subsidiary entity of the Developer in 2013. Since construction and full renovation would take several years, the Developer used a combination of its own equity and bridge loan financing to acquire the property and begin renovations, which have been ongoing.

Yet page 46 of the 2015 Business Plan shows a total investment of \$104,026,765 and Page 47 of the same business plan shows a total use of funds of \$104,026,765.

Source of funds	Amount	Use of Funds	Amount
EB-5 capital	\$43,500,000	Land Acquisition	\$29,000,000
Developer Equity	\$29,000,000	Construction (hard costs)	\$33,434,500
Partnership Investment	\$4,058,015	Soft Costs	\$8,946,596
Bank Financing	\$27,468,750	FF&E	\$4,500,000
		Interest & Carrying costs	\$4,690,186
		Start-up Operational Costs	\$7,924,273
		Additional Construction costs	\$15,531,210
Total	\$104,026,765	Total	\$104,026,765

USCIS finds that based on the evidence provided in the 2015 Business Plan, EB-5 financing may have been contemplated before 2013, however there is insufficient evidence to demonstrate that the funds already spent were bridge financing as from the source and use of funds table it is clear that the EB-5 funds are not replacing or repaying a bridge loan, but rather are to be used for the construction of the project.

Therefore, based on the dispute of ownership on the subject property and problems regarding Petitioner's claim of bridge financing, USCIS finds Petitioner's business plan to be not credible.

2. Economic Methodology

Under the statute and regulations, petitioners investing in an NCE within a regional center may rely on economic methodologies to demonstrate that the investment will create indirect jobs as a result of the investment in the NCE, but such methodologies must be reasonable. *See* Pub. L. No. 102-395; 8 C.F.R. §§ 204.6(e), (j)(4)(iii), (m)(7)(ii). Petitioner must provide sufficient evidence for USCIS to determine whether methodologies used are reasonable.

Indirect jobs are those that are held outside of the new commercial enterprise but are created as a result of the new commercial enterprise. They include jobs that may be considered "economically direct," such as jobs created directly by a job-creating entity that is not also the new commercial enterprise. They also include economically indirect jobs such as those further down the supply chain, or induced jobs created through increased spending.

The evidence in the record fails to demonstrate that the requisite number of jobs will be created for the following reasons:

According to the 2015 Business Plan and the 2015 Economic Analysis, there will be a total of 871 jobs created, which includes 297 during the operations phase (251 from hotel operations and 46 from membership fees) and 571 during the construction phases (505 jobs resulting from hard construction expenditures, 33 jobs resulting from soft construction expenditures and 36 jobs resulting from FF&E expenditures.) However the inputs to the economic analysis are not credible and are not consistent with other information provided in the record. Therefore the jobs created as a result of these inputs are not credible.

A. Jobs Resulting From the Operations Phase

The economic analysis indicates that 251.4 jobs are expected to be created as a result of hotel rental operations and 45.8 jobs from membership fees. The operating revenue of the hotel, which is the input used to calculate those jobs, is based on an assumption of average rate per room and assumes that there will be 79 rooms.

However the court order appointing a Receiver indicates that an indeterminate amount of the property is going to be developed and sold as condominium units.

Specifically, the court order appointing the Receiver indicates:

Intervenor, Palm House Hotel, LLLP has agreed to release its rights, title and interests in and to the property, the Project or any condominium unit sold without payment or remuneration until all sums due to mortgagees ahead of it in priority are paid in full.

Once all of said mortgagees are paid in full, the release price for each such unit shall be the sum which equates to the then balance due to investor, Palm House Hotel, LLLP under its note and mortgage divided by the number of condominium units unsold.

For example, \$30,000,000.00 remains unpaid to Palm House LLLP and 60 units remain unsold, the release price for the next unit shall be \$500,000.00 during the term of the Receivership, the Receiver is empowered to execute such documents to effectuate such release.

While a property appraisal and analysis by Callaway & Price Inc. completed in June 2008 did mention the possibility of selling some units as condominiums, this possibility was not included in either the 2013 or 2015 business plans and the Callaway & Price document was provided $4\frac{1}{2}$ years before the NCE was established and 5 years before the developers acquired the property.

In addition the 2015 Business Plan indicates on page 16 that "[t]he project is a luxury hotel with 79guest rooms and a salon and spa." Page 29 of the 2015 Business Plan further indicates that "[t]he Palm House Hotel will encompass a full service hotel and private club, containing 92,546 square feet, of which 44,430 is contained in 79 guestrooms in two inter-connected buildings. " The economic analysis is predicated on the availability of 79 guest bedrooms. Therefore neither the 2015 Business Plan nor the Economic Analysis is consistent with the Receiver's plan that the project will result in the sale of condominium hotel units. As such it is unclear how any revenues calculated solely based on hotel operations or membership fees utilizing 79 rooms can be accurate or relied upon for job creation calculations. Therefore the anticipated number of jobs created as a result of operations, as reported to USCIS, is not credible.

B. Jobs Resulting From the Construction Phase

The economic methodology for estimating jobs created during the construction phase is unreasonable. Specifically:

i. Ineligibility of jobs resulting from expenditures from previous companies. The economic impact analysis indicates that its employment creation projections are based in part on expenditures made by different corporate entities that predate the existence of the NCE or JCE. While public records suggest that construction has been ongoing at the site of the Palm House hotel since approximately 2006, as was discussed in the bridge financing section of this denial, the record contains no evidence demonstrating why the NCE or JCE should be entitled to receive credit for jobs created by the expenditures of other entities that predate the existence of either the NCE or JCE.

Specifically, the Petitioner has shown no reason as to why expenditures before 2013 should be credited for job creation purposes; since the JCE was formed on December 5, 2012, and the NCE was formed on January 9, 2013. Since the amount of construction expenditures used as an input for job calculations have been called into question, the construction jobs based on those inputs are not credible.

ii. Uncertainty regarding the total amount of construction costs. Moreover, according to the letter from the Receiver, it is unclear what the total future construction costs will be and if those costs will be eligible to be counted for job creation purposes, therefore it is unclear how many if any construction jobs going forward would be eligible.

Yet the letter from the Receiver to USCIS dated August 3, 2015 states "There have been several meetings/discussions with Town staff and the Town attorney to produce a strategic plan that encompasses a complete resolution of: (i) Project plans that provide a clearly defined path to a completed project and Issuance by the Town of a Certificate of Occupancy, and (ii) settlement of all code violations and fines. I expect to have this resolution within 3-4 months, at which time we will be in a position to complete the Project, subject to securing additional construction funding that would also be predicated on the Receiver's successful resolution of the outstanding issues with the Town." (*Emphasis added*)

Therefore it is unclear what the final construction plan will look like, and if the Receiver's construction plan and anticipated hard construction, soft construction and FF&E costs will have any resemblance to the plan and costs submitted to USCIS. This in turn has cast doubt on the credibility of using those costs to calculate projected jobs during the construction phase.

iii. Ineligibility of direct jobs due to the construction timeline.

Direct and indirect construction jobs are eligible to be counted toward the job creation requirement; however, construction jobs may be counted only if the construction jobs are expected to last at least two years. In making that determination based on reasonable methodologies, USCIS considers whether the construction period lasted or is expected to last at least two years in determining whether any model-derived construction or construction-related jobs may be included. If the construction period lasts or is expected to last less than two years, USCIS typically will only credit Petitioner with the economically indirect and induced model-derived jobs.

As USCIS noted in the NOID, the record fails to establish that the construction period lasted or is expected to last at least two years and therefore Petitioner cannot claim the economically direct model derived construction jobs created by the project.

In counsel's letter responding to the NOID, counsel states on Page 45 of the 2015 Business Plan that "The project developer initially acquired the property in August 2006. It was then sold, and reacquired by a subsidiary entity of the Developer in 2013. Since construction and full renovation would take several years, the Developer used a combination of its own equity and bridge loan financing to acquire the property and begin renovations, which have been ongoing."

The business plan then continues "Construction has already taken longer than two years (see hard costs already spent- Attachments C and F). Construction is projected to be completed in 2016, when the hotel is projected to open."

However, as noted previously in this section, USCIS does not find it reasonable to credit job creation from expenditures incurred by a previous company. Similarly, USCIS does not find it reasonable to extend the timeline to incorporate work performed by a previous company.

From when the JCE acquired the property in 2013 to present day, it appears that the construction has been intermittent. For example, according to new articles in 2014 construction stopped while the property was locked during a property dispute.⁸

The letter from the Receiver to USCIS dated August 3, 2015, provided in response to the NOID, states "There have been several meetings/discussions with Town staff and the Town attorney to produce a strategic plan that encompasses a complete resolution of: (i) Project plans that provide a clearly defined path to a completed project and Issuance by the Town of a Certificate of Occupancy, and (ii) settlement of all code violations and fines. I expect to have this resolution within 3-4 months, at which time we will be in a position to complete the Project, subject to securing additional construction funding that would also be predicated on the Receiver's successful resolution of the outstanding issues with the Town." (*Emphasis added*)

USCIS' doubts on the tenuous construction timeline projections is further aggravated by page 48 of the 2015 Business Plan which states "Note that a new construction company may take over the construction of the property. An additional \$15,531,210 has been conditionally budgeted for additional construction costs to transition to a new builder, align the construction to the approved plans, and complete the project."

These doubts are further increased based on page 45 of the 2015 Business Plan which states:

much of the construction work has already been completed....Pending an ownership dispute on the property and the Town of Palm Beach's decision not to approve a variance from the approved building plans, it is anticipated that a new construction company will be retained by a court-appointed Receiver to complete construction in accordance with the previously- approved site plan.

Attachment G is a construction estimate updated August 8, 2015 by McGowan Builders Inc. projecting that based on their review of the property, they can substantially complete construction and get a temporary certificate of occupancy in 8 months, with final completion in 13-14 months.

Therefore, USCIS finds the Petitioner's response insufficient. Indications are that the construction has stopped while the receiver analyzes the situation, comes up with a plan, and then hires a construction company. Therefore the construction would not be **ongoing** for 2 years.

⁸ Hofheinz, Darrell. "Court action filed over padlocked Palm House." *Palm Beach Daily News* October 23, 2014: Web. (Accessed at http://www.palmbeachdailynews.com on April 29, 2015).

Consequently, Petitioner has failed to establish that the NCE may claim credit for any economically direct model derived construction jobs.

Because the Petitioner has failed to establish that the NCE may claim credit for any economically direct model derived construction jobs, and has failed to establish the reasonableness of the hard construction, soft construction and FF&E expenditures used as inputs to the economic model; the construction phase jobs derived by the model are not credible.

Based on the reasons above, the inputs to the economic model to derive the jobs both from the construction phase and the operation phase have been found to be not reasonable. Therefore, based on preponderance of the evidence, Petitioner has failed to demonstrate that the project will create sufficient jobs to support all of the EB-5 investors.

Conclusion

In summary, USCIS has determined, based on the initial evidence submitted upon filing and after consideration of all additional evidence submitted, that Petitioner has failed to establish by a preponderance of the evidence that the Form I-526 complies with applicable legal requirements. Consequently, USCIS concludes that Petitioner is ineligible for classification under INA § 203(b)(5)(A).

In visa petition proceedings, Petitioner bears the burden of establishing eligibility for the benefit sought. See Matter of Brantigan, 11 I&N Dec. 493 (BIA 1966). As Petitioner has not satisfied his burden of establishing eligibility, the Form I-526 is denied.

If Petitioner disagrees with this decision, or if Petitioner has additional evidence that shows this decision is incorrect, Petitioner may file a motion or an appeal to this decision by filing a completed Form I-290B, Notice of Appeal or Motion, along with the appropriate filing fee. A copy is enclosed. Petitioner may also include a brief or other written statement and additional evidence in support of the motion or appeal. The Form I-290B must be filed within 33 days from the date of this notice. If a motion or appeal is not filed within 33 days, this decision is final.

Petitioner must send the completed Form I-290B and supporting documentation with the appropriate filing fee to:

> USCIS I-290B P.O. Box 660168 Dallas, TX 75266

For an appeal, Petitioner may request additional time to submit a brief within 30 calendar days of filing the appeal. Any brief, written statement, or evidence in support of an appeal that is not filed with Form I-290B must be directly sent within 30 days of filing the appeal to:

> DHS/USCIS Administrative Appeals Office (AAO) 20 Massachusetts Ave., N.W., MS 2090 Washington, DC 20529-2090

For more information about the filing requirements for appeals and motions, please see 8 C.F.R. § 103.3 or

103.5, or visit the USCIS website at www.uscis.gov.

Case 9:16-cv-81871-XXXX Document 1-47 Entered on FLSD Docket 11/14/2016 Page 1 of 1





bhlaw.com ibhlaw.com 7201 Wisconsin Ave, suite 450 Bethesda, MD 20814 Tel: 301-363-4540 Fax:301-363-4538

August 29, 2016

Sara Salehin Tehran, Iran

Dear Mrs. Sara Salehin,

I feel terrible that your application for Green Card under the EB5 program has been denied and that the Palm House Hotel LLLP has failed to perform on its promises and obligations.

I write to disclose my referral agreement with the Palm. In 2013, I started a company called "Washington Marketing" with a colleague to provide marketing services to different EB-5 projects for Iranians in return for a finder's fee. This business was supposed to be separate from my law practice. However, while I was still trying to launch the company, my colleague left and I adopted the less formal practice of administering the business through my law practice.

The Palm agreed to pay me a finder fee for any EB5 investors I identified. I now realize I should have disclosed this fact to you. I regret this failure to disclose. Please know that I never put any project before your interests. For example, I offered to find you another project if the Palm project did not interest you, and I brought to your attention the opportunity to invest in North Carolina's Cold Storage facility.

I want to return to you and other clients the finder's fee I received from the Palm (\$40,000). I have borrowed funds from my family to make a first installment of \$20,000 and have enclosed a check in that amount. I hope to pay the balance of \$20,000 soon and am working to borrow additional funds for that purpose.

Respectfully submitted,

Ali Herischi

CC: Reza Salehin