

SUPREME COURT FOR THE STATE OF NEW YORK  
COUNTY OF NEW YORK

LION'S PROPERTY DEVELOPMENT GROUP LLC,

Plaintiff,

Index No. \_\_\_\_\_/2011

v.

**SUMMONS**

NEW YORK CITY REGIONAL CENTER, LLC,  
HOCHTIEF PARTNERS CAPITAL LLC, and GREGG D.  
HAYDEN,

Date Index No. Purchased  
April 18, 2011

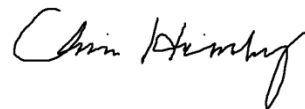
Defendants.

To the above named Defendants.

You are hereby summoned to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the Plaintiffs' attorney within 20 days after the service of this summons, exclusive of the day of service (or within 30 days after the service is complete if this summons is not personally delivered to you within the State of new York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the complaint.

The basis of venue is that the principal place of business of Defendant New York City Regional Center, LLC is in New York County.

Dated: April 18, 2011



By: \_\_\_\_\_  
Christoph C. Heisenberg

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Defendants:

**NEW YORK CITY REGIONAL CENTER, LLC**

299 Broadway  
New York, NY 10007  
(212) 545-7830

**HOCHE PARTNERS CAPITAL, LLC**

457 Madison Avenue  
New York, New York 10022

And

c/o NYCRC  
299 Broadway,  
New York, New York 10007

**GREGG D. HAYDEN**

Purchase, New York

And

c/o NYCRC  
299 Broadway,  
New York, New York 10007

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

LION'S PROPERTY DEVELOPMENT GROUP LLC,

Plaintiff,

v.

NEW YORK CITY REGIONAL CENTER, LLC,  
HOICHE PARTNERS CAPITAL LLC, and GREGG D.  
HAYDEN,

Defendants.

Index. No.

**COMPLAINT**

Plaintiff Lion's Property Development Group LLC ("Lions Property"), by and through undersigned counsel Hinckley & Heisenberg LLP, as and for its Complaint against the New York City Regional Center, LLC ("NYCRC"), Hoche Partners Capital LLC ("Hoche") and Gregg D. Hayden (collectively, "Defendants"), states as follows:

**Summary of the Action**

1. Lion's Property brings this action to recover the compensation to which it is entitled under a Referral Agreement between it and Defendant NYCRC, and to compensate it for the damages created by Defendants' tortious conduct of misappropriating Lion's Property's confidential information and improperly using that information in order to interfere with its relations, thereby depriving Lion's Property of the benefits of the Referral Agreement. NYCRC is an entity that received approval from the U.S. Citizenship and Immigration Services ("USCIS") to attract foreign investors through an immigration program – the EB-5 program – that provides foreign residents with the potential for receiving U.S. Permanent residency ("Green Card") in return for investing in USCIS-approved job generating projects in the United States.

This dispute involves NYCRC's investment funding for redevelopment of the Brooklyn Navy Ship Yards, Steiner Studios and the Barclay's Arena.

2. Lion's Property possesses unique knowledge of the Chinese business community, having already established a network of entities within China, consisting of immigration agencies, law firms, education consultants and the like ("Network Agencies"), through which to connect with investors. Recognizing that China provided a vast market of potential investors, and that Lion's Property already possessed the necessary network in China, NYCRC entered into a Referral Agreement with Lion's Property in July 2009. That Referral Agreement authorizes Lion's Property to be responsible for the marketing of NYCRC projects in China, and provides that Lion's Property would be paid compensation for introducing Chinese investors to NYCRC.

3. However, unbeknownst to Lion's Property, NYCRC had a plan to use Lion's Property's work without paying for it. After Lion's Property established its connections and contracts with the Chinese immigration firms, NYCRC conspired with Hoche to cut Lion's Property out of the process by misusing Lion's Property's confidential Client Lists to contact the Network Agencies directly, in many cases interfering with express contractual agreements between Lion's Property and the Network Agencies. In the end, NYCRC has received more than 200 investors (each investing \$500,000) through this network, without compensating Lion's Property for having made the introduction of the investors to NYCRC's projects.

4. Lastly, Lion's Property also brings this action to hold NYCRC and its principals liable for the trade defamation that NYCRC has made in disparaging Lion's Property within the China market (and to other EB-5 investors), including making false statements that Lion's Property had undertaken efforts with respect to NYCRC projects without any authorization from

NYCRC. As a result of that disparagement, Lion's Property has lost existing contracts and suffered other damages.

### **The Plaintiff**

5. Plaintiff Lion's Property Development Group LLC is a Limited Liability Company established under the laws of the State of New York. Lion's Property Development Group was founded by a team of experienced partners led by Chaim Katzap. Its primary line of work is in providing high-end real estate development and investment services both in New York and abroad.

### **The Defendants**

6. New York City Regional Center, LLC is a Limited Liability Company established in 2008 and existing under the laws of the State of New York. Its principal place of business is located at 299 Broadway, New York, NY 10007.

7. Hoche Partners Capital LLC is a Limited Liability Company established and existing under the laws of the State of Delaware, and conducts business in New York, even though it is not registered with the New York Secretary of State to do business in the State.

8. Upon information and belief Gregg D. Hayden is a resident of the State of New York, residing in Purchase, New York. Mr. Hayden is identified as the General Manager of the New York City Regional Center leading the NYCRC efforts in China. He also is the President of Defendant Hoche Partners Capital LLC.

### **Jurisdiction and Venue**

9. The Court has jurisdiction over defendants. NYCRC and Hayden are residents of New York, and the Court may exercise jurisdiction pursuant to CPLR §301. The Court has personal jurisdiction over Defendant Hoche pursuant to CPLR §302(2) as the torts described

herein were committed by it within New York, as well as CPLR §302(3) because the torts committed outside of New York caused injury to Lion's Property in New York.

10. Venue is proper in the Borough of New York pursuant to CPLR §503(c) as Defendant NYCRC's principal place of business is located in this New York City. In addition, a substantial part of the events comprising Defendants' activities, both the breach of contract and the tortious conduct, occurred in New York, New York.

### **The EB-5 Program**

11. The United States Congress created an Immigrant Investor Program, "Employment Based Program #5" ("EB-5") program in 1990 to allow individuals (as well as their spouse and unmarried children under 21 years old) to apply for a permanent U.S. Green Card.

12. Through the EB-5 program, foreign individuals may apply for a U.S. green card by making an investment towards a United States business that will create a minimum of 10 jobs per investor. Under the program, the foreign investor must invest US \$500,000 (plus fees) in an established Regional Center in the United States, provided that the projects are located in a targeted employment area ("TEA").

13. On October 30, 2008, the United States Citizenship and Immigration Services ("USCIS") approved NYCRC's application to be designated as a Regional Center under the EB-5 program covering the Boroughs of Manhattan, Brooklyn, Queens and the Bronx, and full approval was received in March 2009. As an approved regional center, all administrative activities of the NYCRC are overseen by the USCIS.

14. Through the program, NYCRC is authorized to obtain investment capital from investors. NYCRC then provides loans to the approved programs, and earns a profit on the

interest paid for the loans. In addition, each foreign investor pays a service fee, in the case of the NYCRC investments at issue here, of \$30,000 per investor.

### **The Brooklyn Navy Yard Projects**

15. The Brooklyn Navy Yards were established in 1801 and were owned by the United States, serving as one of the premier ship-building facilities in the United States for more than 150 years.

16. The Brooklyn Navy Yard is now managed by the Brooklyn Navy Yard Development Corporation ("BNYDC"). The BNYDC is a not-for-profit corporation, pursuant to the not-for-profit laws of the State of New York.

17. The redevelopment of the Brooklyn Navy Yard is a key element of New York Mayor Michael Bloomberg's redevelopment plan. Under that plan, the City of New York has allocated \$200 million in City Capital funding to these redevelopment efforts. This redevelopment project includes two new industrial buildings and a broad range of infrastructure improvements.

18. The plans also call for a second phase of the project, the so-called Steiner Studio Expansion phase. This phase will involve the renovation of a historic 7-story building, construction of 5 new soundstages, construction of a parking facility, and upgrade of an electrical substation.

19. NYCRC would serve as an investment pool, providing investment funding loans to the BNYDC and Steiner Studio projects.

20. For the first BNYDC project, NYCRC provides \$60 million in a 5-year loan (120 investors at \$500,000 investments) to the BNYDC project. For the Steiner Studio project, NYCRC made a further investment loan of \$75 million (150 investors).

21. The project also contains a third project, the Brooklyn Arena and Infrastructure Project, for the Barclay's arena. Located at the Atlantic Yards Development site, this \$1.4 billion project is a subset of the \$4.9 billion Atlantic Yards Project and is one of the largest development initiatives and job-creating projects underway in New York City today. The project has approximately 500 investors that have invested approximately \$250 million.

### **Lion's Property's Existing Knowledge Of The Chinese International Investor Market**

22. Lion's Property entered the China market as a real estate related investment advisory firm for China's internationally minded elite. Since 2007 it has established business operations in Beijing with a team of specialists offering a myriad of services including market analysis, returns forecasting, financing assistance, property leasing and management.

23. Foreign companies are not permitted directly to market to, or solicit, investors in China. Therefore, Lion's Property developed a network of firms and people within China who are authorized to contact potential investors, and regularly interact with the high-income potential investors.

24. Lion's Property has cultivated name recognition with the Chinese authorities and business community through its extensive advertising, promotional activities (such as sponsoring golf tournaments), and other marketing efforts.

25. Through this extensive marketing experience and work within China, Lion's Property had developed a reputation and credibility within the Chinese business community that interacted with high net worth Chinese individuals looking to invest abroad.

26. Lion's Property and its principal, Chaim Katzap, were featured in many publications that noted its expertise and connections in China. For example, the January 13, 2008 edition of the *International Herald Tribune* (also contained in the *New York Times Real*



Estate Section) featured Lion's Property and Chaim Katzap in an article titled "China primed to invest in U.S. sites." In the article, the reporter noted "Lion's Property Development Group is centered on the belief that high-end Chinese investors, many who own several properties in China already, will, like Russians, be looking to invest abroad."

27. Similar features on Lion's Property and its principal, Mr. Katzap, were printed in the China International Business March 2009 issue, titled "the Lion's den."

28. On March 9, 2009, ABC's World News Tonight, with Charles Gibson, featured Mr. Katzap's work in the China market promoting real estate investments in the United States. "They call America 'mei guo' -- the beautiful land. They want a piece of it," said Chaim Katzap, founder of Lion's Property Development. "They also want to have their kids educated in America. They want to have an opportunity to go to America as often as they desire."

#### **NYCRC's Request That Lion's Property Assist It In Securing Chinese Investors**

29. Due to the legal restrictions in China, NYCRC and other foreign entities could not market the EB-5 program directly to potential investors.

30. Because of Lion's Property's knowledge of, and connections within, the China market, Lion's Property understood that the EB-5 program could be marketed to representatives, licensed immigration firms, legal firms, investment advisors, fund managers, law firms, accountants, property agencies, travel agencies, and education consulting agencies ("Network Agencies") which represent high-income potential investors. Lion's Property therefore was a critical resource for the NYCRC entering into the China market to obtain its 120 investors for the first phase of the BNYDC project, and subsequent projects such as the Steiner Studios and the Atlantic Yards projects.

31. Following discussions of Lion's Property's capabilities, NYCRC asked Lion's Property to use its contacts within China to create referrals to NYCRC.

32. On or about July 9, 2009, NYCRC and Lion's Property entered into a Referral Agreement, dated July 7, 2009, for good and valid consideration. A copy of that Agreement is attached as Exhibit A.

33. By the Referral Agreement project, Lion's Property was appointed as "a Referral General Agency" and was authorized to be responsible "for NYCRC/BNY EB-5 investor marketing, sales and services in the People's Republic of China."

34. In recognition that Lion's Property would be utilizing its alliances with Network Agencies to contact investors, the Referral Agreement specifically contemplated that Lion's Property would create referrals to NYCRC by using intermediaries – "representatives of" the investors – in addition to dealing directly with potential investors:

The Agent will contact potential investors and, in rendering services, the Agent may meet with representatives of or directly with potential investors and provide such representatives or potential investors with information about NYCRC as may be reasonably appropriate and acceptable to NYCRC, subject to confidentiality provisions set forth herein.

35. In Section 2, NYCRC agreed to compensate Lion's Property for any potential investors who were "introduced to NYCRC" – made aware of NYCRC – by Lion's Property. Specifically, it provides:

(a) A potential investor that has been introduced to NYCRC by Agent and approved by the NYCRC is hereafter referred to as Agent's "Prospective Client". Any other potential investors that have been introduced to NYCRC by Agent's Potential Clients shall be considered and treated by NYCRC as Agent's Potential Clients. NYCRC agrees to pay Agent the referral amounts set forth in **Schedule A** hereto for Prospective Clients that qualify for an Investment Project, are accepted for investment by NYCRC in such Investment Project and invest in the Investment Project; provided, however that Agent will only have a right to payment of referral fees for Prospective Clients that invest in the Investment Project within twelve (12) months after the earlier of the termination of this Agreement or the date Agent first introduced such Prospective Client to NYCRC. Agent will not receive any fee on investments by any potential investor introduced to NYCRC by the Agent that was not approved by NYCRC nor invested in Investment Project.

36. Schedule A to the Referral Agreement provides:

1. For each foreign investor referred to NYCRC and accepted by NYCRC the Agent shall be entitled to a fee of \$30,000.00 US for each investor, subject to the provisions below.

### **Lions' Property's Performance Under The Referral Agreement**

37. Lion's Property performed its duties by referring and introducing potential investors to NYCRC.

38. In reliance on the Referral Agreement, Lion's Property contacted and created its network of Network Agencies in China that to work with prospective clients in processing their applications with NYCRC.

39. Lion's Property translated the project marketing materials and project overviews that NYCRC prepared. Lion's Property then printed hundreds of copies of the confidential information memorandum, along with thousands of brochures, hundreds of DVDS, and other materials, all at its own cost.

40. To ensure that it was recorded that Lion's Property was the source of the materials about the project, each Network Agency signed the Project Overview, confirming that they had learned of the project through Lion's Property.

41. During the month of August 2009, Mr. Katzap travelled to China and personally met with the Network Agencies to explain the NYCRC projects, and determine whether the firms were interested in the BNYDC project.

42. In reporting his progress to NYCRC, Mr. Katzap reported that he was "blanketing the PRC [People's Republic of China] market," to which Mr. Levisohn responded "glad to hear you're out there hustling." Mr. Levisohn then promised to provide Lion's Property with additional marketing materials including videos, brochures and offering documents, during the last week in August, first week in September.

43. When NYCRC finally prepared and provided to Lion's Property the additional materials, Lion's Property expended monies to translate the overview materials about NYCRC, the Brooklyn Navy Yard project. Lion's Property also prepared DVD presentations about the projects. Lion's Property then provided these materials to the Network Agencies

44. Using this process, Lion's Property established agency relationships with the following Network Agencies:

<i>Contact Name</i>	<i>Firm Name</i>
Larry Wang	Well Trend United Inc. Immigration Consulting
Jason Li	Beijing Kaisheng Union Exit-entry Affairs Service Co., Ltd
Mr. Yang	East Capital Law Office
Mr. Fan	East Capital Law Office
Ms. Tracy Xu	Business Consultant
Ms. Linda Meng	Beijing Museo International Trading Co., LTD
Ms. Li	China Nat'l Committee for Pacific Economic Business Forum
Ms. Gloria Fanui	Beijing Gloryeast Investment Management Co., LTD
Jack Cao	D.Y.Oceanic Consultants L.L.C. - Education Consulting
Ruby Jiao	D.Y.Oceanic Consultants L.L.C.
Elena Lou	Elite (Beijing) Realty Co., LTD
Eva Zhang	Elite (Beijing) Realty Co., LTD
Jenny Yang	Anglo Ferrous Metals
Daniel Sun	Can-Achieve Consultants Ltd.
Leon Zhong	Immigration Consulting
Charley Chen	Alpha Business Systems Ltd.
Yinhong Sun	Jilin Jingtai Co., CPA, Changchun, Jilin Province
Mr. Zhao Da-hua	Da Hua Ming Ren Law Firm, Changchun, Jilin Province
Sasha Fang	CHINA-US-ASIA Commercial Trading Beijing Company Ltd.
Christina Ye	Lion's Beijing & American Vacations, Beijing
Peggy Gao	Scout Consulting Group
Ms. Ding Ying	Qiaowai Immigration Consulting Co.
Mr. Ma Ke	Xinjiang Jinxin Energy Corporation Ltd.
Ms. Lynne Dai	Wall Street English - China
Mr. Russ Phillips	Independent
Mr. Henry Zou	Henry Global Consulting Group Ltd. - Immigration Consulting
Mr. Deng Aiguo	Aihua Int'l Culture Ltd. (HK, Beijing, Wuhan) - Consulting
Mr. Wang Guo Wang	Fujian Fuzhou Wanlei Trading Co., Ltd. - Consulting
Ms. Sun Yaling	J&S Law Firm

Ms. Cynthia Chen	Private Consultant
Zoran Bogdanovic	Private Investor
Mr. Zhang Tong	Tianjin Leading Group Corporation Ltd.

### **Defendants' Request That Lions Property Detail its Working Relationships**

45. In mid-August, 2009, as Lion's Property established its relationships with, and commitments from, the Network Agencies, NYCRC's George Olsen requested that Lion's Property provide a list of all Network Agencies and the individuals at those firms, with which Lion's Property was dealing in China.

46. On or about August 25, 2009 Lion's Property transmitted to NYCRC a listing, titled "EB 5 Short Clients List," which identified the 23 Network Agencies in China with which Lions had made arrangements for referrals.

47. The Referral Agreement provides that upon contact with a prospective client, NYCRC will assist Lion's Property in communicating to prospective clients. It precludes NYCRC from dealing with these entities directly, providing that "such communications shall only be done through the Agent."

48. Recognizing that NYCRC might attempt to establish direct relationships with these entities, Mr. Katzap reminded NYCRC of this obligation, and instructed that "[s]hould any on this list contact you directly (and they will try!), please tell them to work only through and with Lion's."

49. Upon receiving the email, Mr. Olsen called Mr. Katzap and told him that "a couple" of those entities on the Client List had been identified by "others." Mr. Olsen did not identify the entities that supposedly had been "identified" by others.

50. Prior to this August 25<sup>th</sup> email, Lion's Property had received no indication from its interactions with these Network Agencies that NYCRC had made any independent contact

with these firms. Each of the firms affirmatively signed the Project Overview, confirming to Lion's Property that they had no prior knowledge of the NYCRC/BNY project. Most did not even have general knowledge of the United States EB-5 program.

51. In an effort to determine what leads NYCRC claimed to possess through independent means, Mr. Katzap detailed for Mr. Olsen that Lion's Property already had begun "an extensive marketing campaign by not only introducing a number of our potential clients but also and, most importantly, to a number of [the] largest PRC Immigration Consultants." Mr. Katzap also advised NYCRC that "[t]he short list, which we compiled (up to August 15) and sent to you, identifies those whom we carefully selected as qualified for your EB 5 project. We cultivated and spoke with them at length and found that none of them ever heard of either NYCRC or BNY."

52. In that communication, Mr. Katzap asked that NYCRC identify the clients that NYCRC claimed to have established independently, or at least that NYCRC identify the "others" by which NYCRC claimed to have identified these clients.

53. NYCRC did not provide the information about either the clients that it had independently identified or the other groups that NYCRC was using to market itself in the Chinese market.

54. On August 27, 2009, Lion's Property supplemented the Client List by providing NYCRC with a revised Client List that now included 35 names. Mr. Katzap reported to NYCRC that substantial work had been performed in selecting the entities on the list, and securing their cooperation, stating "I briefed every one of them PERSONALLY about NYCRC and BNY."

55. Upon receiving the confidential Client List, NYCRC did not dispute Lion's Property's assertion that these entities had been gained through Lion's Property's work efforts.

56. In September 2009, Lion's Property coordinated with various Network Firms, including MasLink, Qiao Wai and Well Trend – each of which had executed the Project Overview documents acknowledging receipt of materials from Lion's Property – to conduct seminars in China on October 31 and November 1. Lion's Property advised NYCRC of those efforts.

57. At no point did NYCRC assert that these entities had been independently identified or cultivated.

58. In order to further confirm and formalize Lion's Property's relationships with the referring agents, Lion's Property prepared an "Agency Cooperation Agreement."

59. Each "Agency Cooperation Agreement" between Lion's Property and the Network Firms provided that Lion's Property appointed the Network Firms "to act as [Lion's Property]'s cooperating EB-5 agent and provide assistance to [Lion's Property] with marketing and consulting services to clients for EB-5 Projects." The term of each Agency Cooperation Agreement was one year.

60. The following entities entered into the Agency Cooperation Agreement with Lion's Property:

- HENRY Global Consulting Group, Ltd. on November 3, 2009;
- Sun Yinhong/Da Hua Ming Ren Law Firm;
- East Capital Law Office;
- Beijing Huazhuang Maslink Union Consulting Co., Ltd. on November 11, 2009;
- Jade Group Consultant Co., Ltd., on November 18, 2009;
- Beijing Strong Union Consulting Ltd., on December 21, 2009;
- Shanghai Sunshine Business Consulting, Ltd. on January 4, 2010.

- Shenyang AA Individual Overseas Affairs Services Co., Ltd. on or about January 18, 2010;
- Beijing Aust. Gabriel Immigration Consulting Co., Ltd., on or about January 20, 2010;

61. In addition, Lion's Property entered into an agreement with D.Y. Oceanic Consultants LLC on November 2, 2009, by which D.Y. Oceanic agreed to work with Lion's Property in marketing the NYCRC project.

62. Lion's Property advised NYCRC of the existence of these written contracts.

**NYCRC's Misappropriation Of Lion's Property Clients And Tortious Interference With The Relationships Cultivated By Lion's Property**

63. Unbeknownst to Lion's Property at the time it provided its Client List to NYCRC in August 2009, NYCRC improperly utilized the information provided to it in order to interfere with Lion's Property's relationship with the representation firms.

64. After Lion's Property provided NYCRC with the August 24<sup>th</sup> and August 27<sup>th</sup> Client Lists, NYCRC immediately began a plan to interfere with and usurp these relationships, so as to avoid paying Lion's Property for the referrals.

65. Upon information and belief, in September or October 2009 NYCRC agreed to retain Ms. Sung Bing, a Chinese citizen, to serve as a native-speaking representative of NYCRC. To obscure NYCRC's role in Ms. Bing's work, it used Mr. Hayden's firm, Hoche Partners Capital LLC, to employ Ms. Bing.

66. NYCRC then provided to Ms. Bing the Client Lists that Lion's Property had provided to NYCRC in confidence. Ms. Bing was told to contact each of the Network Agencies on the Lion's Property Client List, and to advise the Network Agencies not to work with Lion's



Property. Instead, they were told to work directly with NYCRC. Ms. Bing was promised \$5,000 for each investor that she was able to refer to NYCRC that invested with NYCRC.

67. In or about September and October 2009, Ms. Bing contacted the Network Agencies on the Client List, including those with whom Lion's Property had signed written Agency Consulting Agreements.

68. During the course of these dealings, Ms. Bing falsely advised them that Lion's Property was not authorized to deal with the Network Agencies, and directed the Network Agencies to deal directly with NYCRC, and particularly with Mr. Hayden.

69. Further, as per Ms. Bing's statements, Messrs. Levinsohn and Hayden advised the Network Agencies on Lion's Property's Client List that if they continued working with Lion's Property, they would not receive any cooperation from NYCRC.

70. NYCRC's contractual obligations provided that if a third party required verification of Lion's Property's relationship with NYCRC, NYCRC was obligated to provide reasonable verification to the third parties that sought such confirmation. NYCRC's statements to the Network Agencies that Lion's Property was not authorized to represent NYCRC were in direct violation of NYCRC's duties.

71. NYCRC then offered the Network Agents better terms to "cut-out the middle man." If the Network Agencies did work for NYCRC directly, they would receive full cooperation and a larger fee (\$20,000 rather than the \$15,000 offered by Lion's Property).

72. This pattern of interference with Lion's Property's relationship is evidenced in the following examples, in which the Network Agencies agreed to work with Lion's Property, and had worked with Lion's Property until the October 2009 period when NYCRC falsely told them that Lion's Property was not authorized to work on the project. After being contacted by

NYCRC, they questioned whether Lion's Property was properly authorized, and elected to work directly with NYCRC – some in contravention of the signed agency agreements between Lion's Property and the consultant.

### **NYCRC's Interference With Well Trend**

73. An example of NYCRC's improper use of the confidential information provided by Lion's Property occurred with Well Trend and its principal, Larry Wang. Lion's Property had an existing relationship with Well Trend through prior associations. When Lion's Property was retained by NYCRC, it contacted Well Trend in July 2009, and advised it of the EB-5 program, and offered it \$15,000 of the \$30,000 referral fee for every investor referral.

74. On September 1, 2009, after Lion's Property had translated the offering and marketing materials into Chinese, it provided them to Mr. Wang. Mr. Wang signed the confidential offering memorandum acknowledging that Lion's Property was the source of the information about the NYCRC project.

75. Thereafter, Mr. Wang agreed to serve as Lion's Property's agent with respect to the NYCRC project.

76. With that agreement, Lion's Property and Well Trend proceeded to market the EB-5 program to potential investors.

77. Upon information and belief, after Lion's Property provided Mr. Wang's name to NYCRC in August 2009, NYCRC alerted Ms. Bing to contact Mr. Wang.

78. Thereafter, upon information and belief sometime in October 2009, Ms. Bing contacted Mr. Wang, and directed him that he should deal directly with NYCRC, through Mr. Hayden.

79. Upon information and belief, when NYCRC spoke with Mr. Wang, it falsely told Mr. Wang that Lion's Property was not authorized to act on behalf of NYCRC, and that Mr. Wang should deal directly with NYCRC.

80. On October 21, 2009, Mr. Katzap called Mr. Wang. During that call, Mr. Wang told Mr. Katzap that he was "confused," because he had been advised "by Gregg" that Lion's Property was not authorized to represent NYCRC. Upon information and belief, "Gregg" was defendant Gregg Hayden, who had contacted Mr. Wang, and induced him not to work with Lion's Property, and instead deal directly with NYCRC.

81. On October 26, 2009 Mr. Wang visited New York at the behest of NYCRC, and thereafter signed with NYCRC as a "Direct Authorized Agent."

82. When Mr. Katzap learned of NYCRC's improper interference with Well Trend, on or about November 4, 2009, he immediately alerted NYCRC that the relationship was established through him:

At the start of our relationship, you asked us to provide you with the list of potential clients and/or cooperating immigration consultants in China – just for such an eventuality and to protect our interest! We have obliged timely!

(emphasis in original).

83. Mr. Katzap then reminded Mr. Olsen that "you and I discussed on a number of occasions that not having any documents on NYCRC/BNYDC, we could not have signed any contracts with those on our carefully researched list. We, however, did get their signatures acknowledging the receipt of the relevant details of NYCRC/BNYDC project's overview. Larry Wang signed it as well as others. As you requested, I timely forwarded copies of their acknowledgment."

84. Well Trend hosted further promotional seminars to introduce New York City Regional Center and its Brooklyn Navy Yard EB-5 project to Chinese investor prospects in Beijing on November 21, 2009, and in the city of Chongqing, the largest city in Southwestern China, on December 12, 2009.

**NYCRC's Interference With Henry Global Consulting Group Ltd.**

85. Similar predatory conduct occurred with Henry Global Consulting Group, Ltd., another immigration firm.

86. The August 2009 confidential Client Lists disclosed that Lion's Property had cultivated a relationship on the NYCRC project with Henry Zou, President of Henry Global Consulting Group.

87. On August 28, 2009, Mr. Henry Zou, President of Henry Global Consulting Group Ltd. was provided the Project Overview by Lion's Property, signing an acknowledgement of receipt.

88. On November 3, 2009 Lion's Property and Henry Global Consulting Group Ltd. entered into an "Agency Cooperation Agreement" by which Henry Global agreed to act on behalf of NYCRC in marketing the NYCRC projects.

89. On November 3, 2009, Mr. Katzap advised NYCRC of this Agency Cooperation Agreement.

90. In blatant disregard of the existence of this agreement between Lion's Property and Henry Global, on November 21, 2009, NYCRC began to solicit Henry Global. When Mr. Katzap protested that he had a signed agency agreement with Henry Global, NYCRC evidenced the utmost disregard for Lion's Property's legal relationships:

“You also claim that you have an executed agreement with Henry Global Consultant Group. I have been spending a lot of time with them on this trip and their relationship is with NYCRC directly.”

In an imperial attempt to justify its improper interference, NYCRC told Mr. Katzap “this is our regional center and our relationship with the government of NYC that we need to protect.”

### **NYCRC’s Interference With Beijing Kaisheng Union/Cansine**

91. On August 31, 2009 Dr. Jason Li the President of Beijing Kaisheng Union Exit-Entry Affairs Service Co., Ltd. (a/k/a “Cansine”) was provided with a Project Overview and signed the document confirming his receipt from Lion’s Property.

92. Cansine was ready to execute an Agency agreement with Lion’s Property, and was awaiting only the additional marketing materials that NYCRC had not yet prepared.

93. Showing Cansine’s eagerness to work with Lion’s Property, on September 16, 2009 Mr. Li’s assistant inquired whether the marketing materials were ready, and whether Lion’s Property would “still consider doing the project marketing with Cansine?”

94. In response, Mr. Katzap reaffirmed that “I still consider marketing the project with Cansine,” and reported that he expected to launch the project at the end of October 2009.

95. Upon information and belief, Ms. Bing contacted Mr. Li in October 2009, and directed him to contact NYCRC direct.

96. As a result of NYCRC’s interference, when Mr. Katzap called Mr. Li, he was told that NYCRC had contacted Mr. Li directly, and had stated that Lion’s Property had no authority to act for NYCRC. Further, Mr. Li stated that NYCRC had offered Cansine \$20,000 per investor to induce him to work directly with NYCRC.

97. To confirm that Cansine would no longer work with Lion's Property, Mr. Li's assistant sent Lion's Property a message that "he will not consider about the cooperation currently."

#### **NYCRC's Interference With D.Y. Oceanic**

98. On November 2, 2009 Lion's Property entered into an agreement with D.Y. Oceanic that provides, in relevant part, that "DYOC will not contact directly or enter into an agreement with the principals of EB-5 Projects represented by Lion's."

99. Upon information and belief, NYCRC contacted Mr. Cao, a principal of DYOC, subsequent to the entry of this agreement, and caused DYOC to breach its agreement and instead work directly with NYCRC.

100. The information and belief is founded upon the fact that in late 2010 or early 2011 Mr. Cao and Mr. Katzap had a conversation in which Mr. Cao reported that he had done some EB-5 work directly with NYCRC.

#### **NYCRC Restricts Lion's Property's Performance of its Marketing Function**

101. After having successfully usurped Lion's Property's network, and being bothered by Lion's Property's protests over NYCRC's conduct, NYCRC made final efforts to prevent Lion's Property from performing its duties of marketing the projects.

102. On December 3, 2009, NYCRC advised Lion's Property by email that it was to conduct no further seminars without written consent of NYCRC. The purported reason for this was that the seminar materials were inaccurate in some undisclosed manner.

103. Finally, on December 9, 2009, NYCRC flatly advised Lion's Property that it could not conduct further seminars without advance approval.

104. NYCRC's purported reason for prohibiting Lion's Property from engaging in further marketing was pre-textual, as the materials that were being used by Lion's Property were materials that NYCRC itself had either prepared or approved.

105. Further evidencing the pretext is that NYCRC itself, and its agents, have made incorrect representations in their own presentations. It was Lion's Property that brought those incorrect statements to NYCRC's attention for correction.

106. As an example, after Cansine elected to work directly with NYCRC, NYCRC and Cansine made a joint presentation to investors, that contained false descriptions of the NYCRC projects, falsely described the project as being "guaranteed by government-owned land. So there is no risk." Lion's Property advised NYCRC of the incorrect statements.

107. These agents were allowed to continue to work for NYCRC, and were not precluded from engaging in further solicitations in the manner that NYCRC restricted Lion's Property.

**Ms. Bing Discloses To Lion's Property That NYCRC Had Provided Her With Lions Property's Confidential Client List And Used It To Solicit Those Firms For NYCRC**

108. In March 2010, NYCRC advised Lion's Property that the initial 120 investors for the BNYDC project had been secured, and therefore that phase one of the project was completed.

109. It was only once the project was completed, in May 2010, that Lion's Property discovered the extent of NYCRC's efforts to claim for itself the benefits of Lion's Property's work.

110. In April 2010, Ms. Bing began contacting companies working on EB-5 projects, touting her work as an agent in the Chinese market on EB-5 projects. In the course of reviewing her experience, she highlighted her work experience working for NYCRC with the EB-5

program. Confirming that her involvement with NYCRC started after August 2009, she reported that she had completing her work on the project within one and a half months.

111. This solicitation came to the attention of Hou Xiaoyu of Lion's Property, who contacted Ms. Bing. During that conversation she confirmed that she had been working with Gregg Hayden on the NYCRC program.

112. Based upon her statements about the work that she had performed for NYCRC, Mr. Katzap and Ms. Bing met in person on June 9, 2010. During this meeting, Ms. Bing confirmed that she had been provided with copies of the client list that Lion's Property had emailed to NYCRC in trust and confidence in August 2009.

113. She further stated that she was requested by Mr. Hayden to use the client list to contact the immigration firms and induce them to deal with NYCRC directly, rather than working with Lion's Property.

114. NYCRC knew that this use of confidential Client List was improper, and therefore Mr. Hayden warned Ms. Bing that she should never disclose the source of the listing to anyone, specifically to Lion's Property.

115. In particular, Ms. Bing had been advised by NYCRC during the November 2009 seminars arranged by Lion's Property that she should avoid meeting with NYCRC in public so that Lion's Property group would not discover her cooperation with NYCRC.

116. Ms. Bing also stated that NYCRC had been disparaging Lion's Property to the clients to whom the EB-5 program was being marketed, by advising those clients that Lion's Property was not authorized to work on the project.



117. In an email to NYCRC's Mr. Levinsohn later that day, Ms. Bing reported that she had met with Mr. Katzap, and that "he wants me to provide the client list which he provided to NYCRC and Gregg gave it to me. . ."

### **Defendants' Breach of the Referral Agreement**

118. As a result of these efforts by Lion's Property, and its relationships with the Network Agencies, NYCRC has secured the 120 investors for the first project of the BNYDC project.

119. As a result of these efforts by Lion's Property, and its relationships with the Network Agencies, NYCRC has secured approximately 150 investors for the second project of the BNYDC project, and approximately 500 investors for the Brooklyn Arena and infrastructure project.

120. Upon information and belief, most of these investors were secured through the Network Agencies that NYCRC had misappropriated from Lion's Property.

121. In June 2010, Mr. Katzap met with Mr. Olsen and sought information from NYCRC about the investors that NYCRC had received from China, and the source that NYCRC contended these investors came from.

122. After initially agreeing to provide the information to Lion's Property, NYCRC reversed course, and thereafter refused to provide Lion's Property with any information about the investors.

123. Upon information and belief, most of the investors in the NYCRC projects were derived through Lion's Property's Network Agencies. It is estimated that approximately 30-40 investors for the first phase were secured through Well Trend, and a similar amount through Qiao Wai.

124. Lion's Property was the procuring cause of these investments, having introduced the Network Agencies to the project, having translated and provided the marketing materials to these Network Agencies, having engaged these firms in an agency relationship, and having then been the cause of the investors' introduction to NYCRC.

125. NYCRC has failed to compensate Lion's Property for each of the investors.

**NYCRC's Disparagement of Lion's Property to Other Regional Centers**

126. As stated herein, NYCRC falsely disparaged Lion's Property's work to the Network Agencies, causing harm to Lion's Property's relationships with those agencies. In addition, NYCRC also has disparaged Lion's Property to other EB-5 Projects, causing harm and injury to those relationships with other EB-5 Project providers.

127. On May 14, 2010 Lion's Property entered into a Referral/Finder's Agreement with BirchLeaf Miami 31, LLC to serve as a finder on a China project.

128. From May until August, Lion's Property and BirchLeaf had a strong relationship, with Lion's Property establishing the project marketing in China, and referring potential investors to the BirchLeaf Miami 31, LLC project.

129. At no point had BirchLeaf Miami 31, LLC expressed any dissatisfaction with Lion's Property's work.

130. On August 27, 2010 there was an EB-5 Investors Conference by the American Immigration Lawyers Association in Boston.

131. NYCRC was a "conference sponsor" and BirchLeaf, which has offices in Wellesley, Massachusetts, was an exhibitor at the conference.

132. On September 8, 2010, Mr. Katzap received letter from BirchLeaf, terminating its agreement with Lion's Property.

133. Upon information and belief, during the conference NYCRC disparaged Lion's Property's abilities in China, by falsely stating to conference participants, including BirchLeaf, that:

- Lion's Property had not contributed toward the NYCRC project,
- it had provided no investments from Chinese investors;
- it had acted beyond what NYCRC had authorized;
- it had made misrepresentations to investors.

134. Plaintiff's information and belief is founded upon a subsequent call between Mr. Katzap and Bruce Ricciutti, a principal of the Miami 31 project. In that call, Mr. Ricciutti acknowledged that NYCRC had spoken with BirchLeaf about Lion's Property, and that this conversation had been a cause of BirchLeaf's actions in terminating its Referral/Finders Agreement with Lion's Property.

135. Upon information and belief, it is likely NYCRC has made similar disparaging communications with other Regional EB-5 programs, presently unknown to Lion's Property. Plaintiff reserves the ability to determine the scope of NYCRC's tortious conduct during discovery of this action, and to seek damages caused by such conduct presently unknown to it.

**FIRST CLAIM FOR RELIEF**  
**(Breach of Contract; against NYCRC)**

136. Paragraphs 1 through 135 are re-alleged and incorporated by reference as if set forth fully herein.

137. Plaintiff and NYCRC entered into the Referral Agreement for good and sufficient valuable consideration.

138. Plaintiff has performed all of the material obligations of that Referral Agreement.

139. Through the efforts of Lion's Property, prospective clients were introduced to NYCRC by Lion's Property, either by:

- a. contacting potential investors, meeting with potential investors, and providing them with information about NYCRC.
- b. entering into valid and binding "Agency Cooperation Agreements" with Network Agencies in China, through which these entities served as Lion's Property's agents in assisting with the marketing of the NYCRC projects, contacting potential investors, and providing them with information about NYCRC.

140. Under the Referral Agreement, Lion's Property was entitled to a fee of \$30,000 for each foreign investor referred to NYCRC, including those investors referred through the Network Agencies initially contacted about the project by Lion's Property.

141. Defendant NYCRC has breached the Referral Agreement with Lion's Property by failing to confirm Lion's Property's authority to act for NYCRC, instead advising these entities that Lion's Property was not authorized to act for NYCRC, and also by dealing directly with these entities rather than providing information through Lion's Property.

142. Defendant NYCRC has breached the Referral Agreement with Lion's Property, and its obligation of good faith and fair dealing contained therein, by taking actions to deprive Lion's Property of the benefits of the agreement, and by preventing Lion's Property's performance of its obligations.

143. Lion's Property has been damaged by NYCRC's actions.

**SECOND CLAIM FOR RELIEF**  
**(Tortious Interference with Contract; against all Defendants)**

144. Paragraphs 1 through 143 are re-alleged and incorporated by reference as if set forth fully herein.

145. To assist it in performing the services under the Referral Agreement, Plaintiff Lion's Property entered into valid and binding "Agency Cooperation Agreements" with the identified Network Agencies in China. Those "Agency Cooperation Agreements" provided that these entities would serve as Lion's Property's agents in marketing of the NYCRC projects to its clients.

146. Lion's Property also entered into agreements with other Network Agencies identified on the Client Lists provided to NYCRC, which acknowledged their participation with Lion's Property in the NYCRC project by signing the offering materials.

147. Defendants NYCRC, Hayden and Hoche each possessed knowledge of those Agency Cooperation Agreements with Lion's Property, as well as the agreements with other Network Agencies.

148. Notwithstanding their knowledge of the existence of the Agency Cooperation Agreements between the Network Agencies and Lion's Property, NYCRC, Hoche and Hayden each communicated with the Network Agencies on the Lion's Property Client Lists, including those that had entered into the Agency Cooperation Agreements with Lion's Property, and induced the Network Agencies to breach their obligations to Lion's Property. In addition to the examples cited herein, Defendants:

- \* provided Ms. Bing with the confidential Client List, and instructed her to tell these clients to call NYCRC, and then induced these Network Agencies to breach their obligations.

- \* Further, Mr. Hayden traveled to China in October 2009, and during the visit contacted the Network Agencies with which Lion's property had Agreements, and

induced these companies to breach their obligations with Lion's Property, and caused these entities to cease cooperating with Lion's Property.

149. Without justification, NYCRC, Hoche and Hayden induced the Network Agencies to breach their contractual obligations to Lion's Property.

150. Although it is not a required element of this cause of action, Defendant NYCRC, Hoche and Hayden also used improper means to induce the Network Agencies to breach their obligations. Among the improper means was that Defendants specifically a violation of the duty Defendants owed to Lion's Property by virtue of their confidential relationship, and the understanding that the Client List provided by Lion's Property would be kept confidential, as well as making false statements to the Network Agencies that Lion's Property was not authorized to engage in the NYCRC project.

151. The conduct undertaken by Hayden was undertaken by him in order to secure personal gain on the projects. By working directly with the immigration consultants, Lion's Property did not receive the \$30,000 fee, and Hayden received personal benefits from these additional funds, and upon information and belief, benefitted through his compensation arrangements at NYCRC.

152. Lion's Property was injured by the Defendants NYCRC, Hoche and Hayden's conduct.

**THIRD CLAIM FOR RELIEF**  
**(Tortious Interference with Prospective Business Relations; against All Defendants)**

153. Paragraphs 1 through 152 are re-alleged and incorporated by reference as if set forth fully herein.

154. To assist it in performing the services under the Referral Agreement, Plaintiff Lion's Property established business relations with several Network Agencies, to promote the NYCRC projects.

155. Under the Referral Agreement, Lion's Property was required to cooperate with Defendant NYCRC. In accordance with this provision, and in confidence, Lion's Property advised NYCRC of its business relations with the immigration consulting firms.

156. With many of the Network Agencies, Lion's Property had written acknowledgements of first having received materials about the NYCRC project through Lion's Property. Through the acknowledgement of the confidential offering materials, each committed to work with Lion's Property on the project.

157. In violation of the understanding that the Client List provided to NYCRC by Lion's Property was provided in confidence, NYCRC, Hoche and Hayden utilized wrongful means, including (a) the misappropriation of the confidential materials provided by Lion's Property, (b) breach of their contractual obligations in the Referral Agreement not to deal directly with the clients, and (c) making false representations to the Network Agencies in order to induce these companies to breach their obligations with Lion's Property.

158. Lion's Property was injured by the Defendants NYCRC, Hoche and Hayden's conduct.

**FOURTH CLAIM FOR RELIEF**  
**(Breach of Confidence; against NYCRC)**

159. Paragraphs 1 through 158 are re-alleged and incorporated by reference as if set forth fully herein.

160. Lion's Property assembled, researched and prepared the listing of Network Agencies using resources known to it based upon its unique access and experience in the China

market. As such, the information constituted confidential information that had significant commercial value.

161. Lion's Property was required to provide its listing of firms to NYCRC, and did so in confidence and with an expectation that the information would not be improperly utilized by NYCRC for purposes to frustrate Lion's Property's performance of the Referral Agreement.

162. NYCRC later used the information in a manner that breached the duty of fidelity owed to the plaintiff by the defendant by reason of a relation of confidence existing between them.

163. Through such breach, Lion's Property was damaged.

**FIFTH CLAIM FOR RELIEF**  
**(Unjust Enrichment; against NYCRC and Hoche)**

164. Paragraphs 1 through 163 are re-alleged and incorporated by reference as if set forth fully herein.

165. Through the Referral Agreement, NYCRC induced Lion's Property to undertake efforts and costs of establishing a network of Network Agencies in China interested in promoting the NYCRC/BNY project.

166. This work had significant value, and was induced by NYCRC's promise of a \$30,000 referral fee to Lion's Property.

167. In August 2009, NYCRC secured the confidential information about the selected immigration consulting firms. NYCRC and Hoche improperly used the list to enrich themselves by contacting the Network Agencies and securing tens of millions in investments from foreign investors in China.

168. This enrichment was at the plaintiff's expense, having been secured through the work that Lion's Property performed



169. The circumstances are such that equity and good conscience require NYCRC to make restitution to Lion's Property.

**SIXTH CLAIM FOR RELIEF**  
**(Trade Defamation/Slander; against NYCRC)**

170. Paragraphs 1 through 169 are re-alleged and incorporated by reference as if set forth fully herein.

171. As described in paragraphs 126-135, NYCRC has engaged in a pattern of conduct of making false and defamatory statements about Lion's Property's services to Lion's Property's potential collaborators, including to Network Agencies, and other Regional EB-5 Projects.

172. The statements made by NYCRC are false, and were made with actual knowledge that these were not true, or with reckless disregard for the truth, in order to lower Lion's Property's standing with these potential collaborators.

173. NYCRC made the statements with the intention, and knowing that they were likely, to cause harm and pecuniary loss to Lion's Property's business.

174. These statements constitute slander *per se*, because they have caused injury to Lion's Property's in its trade, business or profession, as described below.

175. The statements made by NYCRC to Chinese Immigration Consultants and to other Regional EB-5 Projects are not subject to any privilege.

176. Since October 2010 Lion's Property has filed with USCIS to secure status as a Regional Center and an EB-5 program provider.

177. As a Regional Center, Lion's Property will be a potential competitor with NYCRC for foreign investors seeking to invest in an EB-5 program.

178. Because of the false and disparaging statements that NYCRC made to the Chinese Immigration Consultants and others about Lion's Property, many of these Network Agencies and other have refused to deal with Lion's Property on their own future EB-5 investment projects.

179. NYCRC's disparagement of Lion's Property also has impacted and caused damage to Lion's Property's relationships with other EB-5 Projects.

180. Plaintiff has been damaged by this conduct.

**JURY TRIAL DEMAND**

Plaintiff demands trial by jury on all issues so triable.

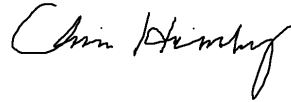
**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff respectfully requests that the Court enter a judgment in favor of the Plaintiff, which grants it the following relief:

- (A) Awarding plaintiff its actual damages that place it in the position it would have been in but for the breach of contract and the tortious conduct interfering with the contracts referenced herein, in the amount determined at trial but expected to exceed \$6 million;
- (B) Awarding plaintiff its actual damages that place it in the position it would have been in but for Defendant's tortious conduct and trade defamation;
- (C) awarding the Plaintiff all applicable interest, costs, and disbursements of this action;
- (D) awarding Plaintiff such other, further, and different relief as the Court deems just, proper, and equitable.

Dated: New York, New York  
April 18, 2011

HINCKLEY & HEISENBERG LLP



By: \_\_\_\_\_

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