UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

U.S. SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. SEYED TAHER KAMELI, CHICAGOLAND FOREIGN INVESTMENT GROUP, LLC, and AMERICAN ENTERPRISE PIONEERS, INC., Defendants, and AURORA MEMORY CARE, LLC, *et al.*, Relief Defendants.	Civil Action No.: 1:17-cv-4686 Judge Joan B. Gottschall

PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S MEMORANDUM IN OPPOSITION TO DEFENDANTS' PROPOSED ORDER TO PRESERVE THE *STATUS QUO*

Plaintiff United States Securities and Exchange Commission ("SEC" or "Commission") respectfully submits this memorandum in opposition to Defendants' Proposed Order to Preserve the *Status Quo*.

As recently as 2015, the Seventh Circuit has held that injunctions against future violations of the federal securities laws are enforceable in SEC enforcement actions. *See SEC v. Yang*, 795 F.3d 674, 681 (7th Cir. 2015) (affirming district court's entry of permanent injunction). Ignoring this binding Seventh Circuit precedent and providing the Court with an inaccurate description of the law, Defendants urge this Court, without hearing any evidence, to rule that the injunctive relief sought here is invalid, as a matter of law. This Court should soundly

reject Defendants' invitation to ignore *Yang* and other precedent in the Seventh Circuit and in this District establishing that injunctive relief can be appropriate and necessary in SEC enforcement actions. The SEC has met its burden of showing that injunctive relief is appropriate in this case at the TRO stage, and, similarly, the SEC will be able to meet its burdens for establishing the propriety of injunctive relief after a preliminary injunction hearing and after a trial.

FACTS

Between 2009 and 2016, Defendant Seyed Taher Kameli ("Kameli"), a Chicago-based immigration attorney, and two of his companies, Chicagoland Foreign Investment Group, LLC ("CFIG") and American Enterprise Pioneers, Inc. ("AEP"), raised funds from at least 226 immigrants who have invested approximately $88.7 million in senior living projects ("Projects") under Kameli's control. Defendants enticed foreign nationals to invest in specific Projects located in Illinois and Florida that purportedly qualified under the EB-5 Immigrant Investor Program ("EB-5 Program"). The EB-5 Program is a federal program overseen by the U.S. Citizenship and Immigration Services ("USCIS") that provides a means for foreign nationals to qualify for U.S. residency by investing $500,000 or more in a specified project determined to have created or preserved at least 10 jobs for U.S. workers within a certain period of time. (SEC's Memorandum in Support of Its Motion for a Temporary Restraining Order ("TRO Br."), ECF No. 14-1, at 4-6.)

Over the past eight years, Kameli, through CFIG and AEP, has sponsored at least eight investment funds ("Funds") under the EB-5 Program for the development and construction of the Projects. He and the entities he controls solicited funds from investors using Private Placement Memoranda ("PPM") and Business Plans unique to each Project. Each investor committed to

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invest $500,000, plus an administrative fee, in exchange for a security constituting an interest in a limited liability company that purports to use the investors' money to operate, or make loans to, a specific, job-creating senior living project. Since forming CFIG and AEP, Kameli has made all major decisions for these companies. (*Id.* at 6.)

Kameli, CFIG, and AEP presented potential investors with substantially similar offering documents for each Fund, including, among other documents, a PPM, Business Plan, and Subscription Agreement. Kameli, as the principal of the Funds' managers (either CFIG or AEP), was responsible for the contents of the Funds' PPMs and other offering documents. (PPMs, Business Plans, and a sample Subscription Agreement for the Projects are attached to the Aguilar Declaration, ECF No. 7, as Exhibits 17-49.) Kameli approved all statements made to investors in the PPMs and their attachments. (TRO Br., ECF No. 14-1, at 6-8.)

The PPMs represented that the investment objective of the Fund was to loan each investor's $500,000 capital contribution for the development and construction of a specific senior living facility, in exchange for an expected investment return. For example, an Elgin Fund PPM dated February 2010 stated that the Fund "intends to use the proceeds from the Offering to extend an [sic] $12,000,000.00, or less, business loan to [the Elgin Project], to develop an 80-120 unit facility in the City of Elgin, Illinois and implement memory care assisted living units for senior citizens with Alzheimer [sic], dementia, and related illnesses in order to generate 10 or more direct or indirect fulltime jobs for each $500,000.00 capital contribution distributed to [the Elgin Project]." (*Id.* at 7.) The Funds' Business Plans provided additional information on how each Project would spend the money it borrowed from each Fund. Each Fund Business Plan stated that the Projects would use the majority of borrowed money on hard construction costs – such as excavation, paving, landscaping, concrete, mechanical systems, masonry, steel,

carpentry, and finishes – with other funds being spent on categories such as land acquisition, working capital, and fees. (*Id*.)

Based upon the representations of Kameli and his representatives, investors understood that their investments in the Funds would be used solely to loan money to develop and construct a ***specific*** senior living facility. Investors report that they would never have invested with Kameli if he had told them that their investment would be used for the development, construction, and operation of other unrelated facilities. (*Id.* at 7-8.)

Rather than use an investor's funds solely for the Project for which the investor was solicited, Kameli filtered investor funds across many different Projects and entities. Kameli used funds obligated to one Project to fund another Project, which was contrary to representations to investors and the requirements of the EB-5 Program. Kameli also spent a significant portion of investor proceeds for his own benefit, for the benefit of his brother, and for the benefit of companies he owns. Defendants' misconduct included, among other things:

- diverting over $1.3 million from two Projects to benefit a third Project and a Kameli-owned entity (*id.* at 12-14);
- taking out a line of credit of approximately $3.8 million collateralized by investor funds from one Project and using the line of credit to benefit other Projects and Kameli-owned entities (*id.* at 14-15);
- diverting approximately $1 million in undisclosed profit to one of Kameli's entities through mark-ups on the sale of land to investors in three Florida Projects (*id.* at 15-17);
- taking $4.1 million in unauthorized and inadequately disclosed fees from five Projects (*id.* at 17-21); and
- investing approximately $15.8 million in investor funds in securities, pocketing $250,000 in trading profits, and thereby jeopardizing investors' visa petitions because this use was unrelated to the job-creating purpose of the EB-5 investments (*id.* at 21-22).

Kameli's misconduct has left most of the Projects without money to complete

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construction – let alone produce the requisite ten jobs per Fund investor. Kameli's actions have also jeopardized both the investors' prospects for an economic return, and their ability to obtain permanent residency through the EB-5 Program. Indeed, after having been involved with the Funds and Projects since 2009, Kameli has not completed construction on any of the Projects save one, the Aurora Project, and no construction whatsoever has occurred to date on any of the Florida Projects:

- The Aurora Project was severely delayed and over budget. It was substantially completed in approximately early 2016, but only had approximately 12 residents as of March 2017 (*id.* at 9-10);
- The Elgin Project's foundation has been poured, but only half of the building is up and under a roof, and the general contractor has stopped work and sued to collect approximately $2.197 million in unpaid bills. In December 2016, the City of Elgin sent Kameli a notice of unsafe condition and demolition order for the Elgin Project, finding that the incomplete structure lacks structural integrity, constitutes a fire hazard, and is dangerous to human life. The City of Elgin affirmed the order in March 2017 (*id.* at 10-11);
- The Golden Project (Fox Lake) has only a foundation and elevator towers. The general contractor has stopped work and has sued for $1.549 million in unpaid bills (*id.* at 10);
- The Silver Project (West Dundee) is has not begun construction (*id*. at 10).

The Projects also lack money to complete construction, and the Funds' poor financial condition prevents them from making additional loans to the Projects. Kameli and CFIG have attempted to obtain non-EB-5 financing for all of the Projects, but they have been unsuccessful. (*Id*. at 10.)

Kameli is no longer offering investments in these particular Funds. Nevertheless, Kameli is continuing to cause harm to investors and is in a position to continue to violate the federal securities laws. For example:

- Kameli has redeemed investors in certain offerings as recently as April 2017 and has indicated that he intends to permit additional redemptions in the coming weeks and months, all of which jeopardizes the continued financial health of the Funds (*id.* at 11);

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- Kameli has offered his services to investors in other, unrelated EB-5 Programs as recently as late May 2017. In 2017, Kameli has offered EB-5-related services to prospective investors through direct email solicitations and through videos he has posted on YouTube (*id.* at 29); and

- From April 2017 to the present, Kameli has pressured investors to make his law school friend – with little to no relevant experience – the new manager of the Funds and to convince investors to take over Kameli's ownership of the senior living Projects. Kameli has proceeded with this plan over some investors' objections and without giving the investors full financial information that they requested (*id.* at 12).

* * *

On June 22, 2017, the SEC initiated this action and sought a temporary restraining order enjoining Defendants from further violations and specifically prohibiting Kameli from participating, directly or indirectly, in any EB-5 Program offering. The SEC also sought ancillary relief to preserve the *status quo* and protect victims from further harm, including an asset freeze, a receiver to marshal and preserve assets during the pendency of this action, an accounting, and a document preservation directive.

The parties first appeared before the Court on June 28, 2017. On a break at the initial hearing, the parties began to negotiate the scope of an injunction and asset freeze. Based on the promise of those initial discussions, the SEC agreed to continue negotiations in an effort to submit an agreed order by July 5, 2017. However, the parties were unable to reach an agreement and submitted their respective proposed orders to the Court. A preliminary injunction hearing is scheduled for August 1 and 2, 2017.

ARGUMENT

I. Injunctions Are Enforceable And Appropriate Here.

No court has ever ruled – in this district or elsewhere – that a temporary restraining order or preliminary injunction sought by the SEC is unenforceable as a matter of law, no matter what the facts. Indeed, courts routinely enter injunctions of nearly identical scope and breadth in SEC

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cases in this district. *See SEC v. A Chicago Convention Center, LLC*, No. 1:13-cv-982, ECF No. 13 (N.D. Ill. Feb. 6, 2013) (TRO in EB-5 case); *SEC v. Glick*, No. 1:17-cv-2251, ECF No. 18 (N.D. Ill. Apr. 6, 2017) (preliminary injunction); *SEC v. Pearson*, No. 1:14-cv-3785, ECF No. 12 (N.D. Ill. May 22, 2014) (TRO); *SEC v. Rungruangnavarat*, No. 13-cv-4172, ECF No. 9 (N.D. Ill. June 5, 2013) (TRO); *SEC v. Cohn*, No. 1:13-cv-5586, ECF No. 10 (N.D. Ill. Aug. 6, 2013) (same); *SEC v. Yang*, No. 1:12-cv-2473, ECF No. 15 (N.D. Ill. Apr. 2, 2012) (TRO); *SEC v. Battoo*, No. 1:12-cv-7125, ECF No. 15 (N.D. Ill. Sept. 6, 2012) (TRO); *SEC v. Garcia*, No. 1:10-cv-5268, ECF No. 11 (N.D. Ill. Aug. 20, 2010) (TRO); *SEC v. Nutmeg Group, LLP*, No. 1:09-cv-1775, ECF No. 14 (N.D. Ill. Mar. 35, 2009) (TRO).

Moreover, in several SEC enforcement cases across the country involving EB-5 Program fraud, courts entered similar injunctions as temporary restraining orders and preliminary injunctions. *See, e.g., SEC v. San Francisco Reg'l Center, LLC*, No. 3:17-cv-223-RS, ECF No. 110 (N.D. Cal. Apr. 7, 2017) (preliminary injunction); *SEC v. Liu*, 2016 WL 3679389 (C.D. Cal. July 11, 2016) (same); *SEC v. Quiros*, No. 1:16-cv-21301-DPG, ECF No. 11 (S.D. Fla. Apr. 13, 2016) (TRO); *SEC v. Path America, LLC*, No. 2:15-cv-1350-JLR, ECF No. 9 (W.D. Wash. Aug. 24, 2015) (same).

Defendants' reliance on *EEOC v. AutoZone, Inc.*, 707 F.3d 824, 842-44 (7th Cir. 2013), does not compel a different conclusion. *AutoZone* concerned the scope of a permanent injunction not to violate the Americans with Disabilities Act ("ADA"), not a temporary restraining order or a preliminary injunction. There, Seventh Circuit ***affirmed*** the permanent injunction ordering AutoZone to comply with the ADA's reasonable accommodation requirement, but only directed the district court to add a reasonable time limit. *Id.* at 844. Therefore, contrary to Defendants' assertions, *AutoZone* does not stand for the proposition that all such injunctions are

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impermissibly overbroad and vague.[1]

Tellingly, since *AutoZone* was decided in 2013, the Seventh Circuit has affirmed a permanent injunction issued in the Northern District of Illinois. In *SEC v. Yang*, 795 F.3d 674, 681 (7th Cir. 2015), the defendant challenged a permanent injunction on the grounds that the injunction was too harsh and the district court impermissibly relied on facts not before the jury. The court disagreed and held that district court did not abuse its discretion in imposing a permanent injunction. *Id.* at 681-82. The court made no reference to *AutoZone* and yet the permanent injunction was nearly identical to the one the SEC seeks here. *See SEC v. Yang*, 1:12-cv-2473, ECF No. 305 (N.D. Ill. May 27, 2014) (final judgment permanently restraining and enjoining Yang from violating Section 10(b) and Section 13(a) of the Securities Exchange Act and Section 206 of the Investment Advisers Act).

As set forth in more detail in the SEC's TRO Brief (ECF No. 14-1 at 22-28), the SEC has made more than a sufficient showing to meet the liberal TRO standard.

First, the SEC has made a substantial showing that Defendants Kameli, CFIG, and AEP have violated the anti-fraud provisions of the securities laws, 15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5; 15 U.S.C. § 77q(a). Kameli, CFIG, and AEP represented to investors that their funds would be used to construct the specific memory care facilities for which they had invested, but then used those funds in other ways, without adequate disclosure to investors. Further, Kameli, CFIG, and AEP also made representations to investors regarding their compensation for

[1] The other cases cited by Defendants are similarly distinguishable. *See also Natural Resources Defense Council v. Metropolitan Water Reclamation District*, 175 F. Supp. 3d 1041, 1062-63 (N.D. Ill. 2016) (denying motions for summary judgment for violations of Clean Water Act and noting, *in dicta*, that plaintiffs' failure of proof would have ramifications for potential scope of permanent injunction); *Quad Cities Waterkeeper, Inc. v. Ballageer*, 2017 WL 2152366, at *8 (C.D. Ill. Mar. 28, 2017) (rejecting imposition injunction under the Clean Water Act ("CWA") where defendants ordered to come into compliance with the CWA and plaintiffs could not demonstrate why "ordering them not to ever violate it is important, or represents any kinds of marginal advantage").

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management of the development projects, but took fees and other payments that were inconsistent with these representations and without adequate disclosure to investors. (TRO Br. at 23-24.)

These misrepresentations and omissions were material to investors in that the undisclosed fees, totaling millions of dollars, reduced the funds available to complete the projects and denied investors the benefit of their bargain regarding the costs of their investments. Investors confirmed that they would not have invested if they had known that their funds were misused these ways. (*Id.* at 24-25.) Kameli, and thereby CFIG and AEP, also acted with a high degree of scienter. Kameli controlled both the representations made to investors and the uses of investor funds, and cannot plausibly claim ignorance of the many discrepancies between the two. (*Id.* at 25.)

Second, there is a high risk that Defendants will continue to violate the securities laws, unless enjoined from doing so:

- ***Gravity of the Harm*:** The investors invested over $88.7 million in the Funds in exchange for the hope of qualifying for U.S. permanent residency and an investment profit. Little is left to show for the investment and their immigration status is in serious jeopardy.
- ***Defendants' Participation*:** Defendants had full control over the investors' money. Kameli, through CFIG and AEP, was at the helm, directing how the money was spent. There is no one else to blame.
- ***Degree of Scienter:*** They misused the investors' funds for an extended period of years. They engaged in a multi-faceted fraud, including the diversion of funds and misappropriation of assets.
- ***Recurrent Nature of the Violations:*** The misuse of the investors' money spanned several years.
- ***Likelihood of Repetition:*** Kameli currently remains in control over any remaining funds and continues to direct payments to CFIG, AEP, and different projects in contravention of the offering agreements.
- ***Recognition of Culpability:*** While Kameli appears to recognize that his oversight

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of these Funds and Projects cannot continue, he has denied any wrongdoing and has refused to agree to an injunction or comprehensive asset freeze.

- ***Sincerity of Assurances:*** Defendants have given no assurances that they will stop exploiting the investors. Until this Court acts, there is nothing to stop them from committing more fraud.

(TRO Br. at 26-28.)

Notwithstanding this showing, if this Court has any concerns about the scope of the injunction, it should defer a decision until after it has heard evidence at the preliminary injunction hearing on August 1 and 2, 2017. The Court has already indicated its preference for hearing live testimony. The SEC has made arrangements for numerous witnesses to testify, including investors. Simply put, Defendants have put the cart before the horse by asking this Court to rule as a matter of law that the SEC's injunctions are unenforceable before hearing any evidence. If, after evaluating the evidence at the hearing, the Court has concerns about the scope of the injunction, the Court is free to more narrowly tailor it to address each of Defendants' specific securities fraud violations.

II. Defendants' Conduct-Based Injunction Is Inadequate.

Conduct-based injunctions are within the equitable powers of the court. *See SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980). In SEC enforcement actions involving EB-5 Program fraud, courts have routinely entered conduct-based injunctions nearly identical to the conduct-based injunction that the SEC is requesting here. *See Liu*, 2016 WL 3679389 (C.D. Cal. July 11, 2016); *Quiros*, No. 1:16-cv-21301-DPG (S.D. Fla. Apr. 13, 2016); *Path America, LLC*, No. 2:15-cv-1350-JLR (W.D. Wash. Aug. 24, 2015).

Kameli claims that the SEC's proposed conduct-based injunction serves no legitimate purpose since he has already voluntarily ceased offering or selling investments in the EB-5 Projects that are the subject of this litigation and he does not manage other EB-5 investments. As

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an initial matter, the SEC is not required to accept Kameli's word. A conduct-based injunction serves a legitimate purpose even if Kameli is no longer participating in such offerings as it will prevent him from doing so in the future.

The proposed injunction also bars Kameli from indirectly participating in EB-5 Program offerings. Kameli claims this injunction is overbroad since it would prevent Kameli from recommending EB-5 Program offerings (managed by others) to his law firm clients. Kameli claims that such conduct could not possibly violate the securities laws since he does not manage those offerings. Kameli misunderstands the law. Kameli could readily violate the securities laws by making material misrepresentations to investors about these other EB-5 offerings. It is irrelevant whether he manages the offerings. He could also aid and abet the misconduct of others. Given Kameli's extensive violation of the securities laws (as discussed above) and evidence the SEC has obtained that he is continuing to solicit EB-5 investments by email and on YouTube (TRO Br. at 29), Kameli should not be left unfettered to directly or indirectly participate in EB-5 Program offerings.

III. Defendants' Proposed Asset Freeze Is Inadequate.

"It is well settled that a district court has authority in a securities fraud case to grant ancillary relief in the form of orders . . . temporarily freezing assets." *SEC v. Coates*, 1994 WL 455558, at *1 (S.D.N.Y. Aug. 23, 1994). The purpose of an asset freeze is to "preserve the status quo by preventing dissipation and diversion of assets." *SEC v. Infinity Grp. Co.*, 212 F.3d 180, 197 (3d Cir. 2000). Courts have entered asset freezes in SEC enforcement cases involving the EB-5 Program. *See, e.g.*, *SEC v. A Chicago Convention Center, LLC*, No. 1:13-cv-00982 (N.D. Ill. Feb. 6, 2013) (entering asset freeze); *SEC v. Quiros*, No. 1:16-cv-21301-DPG (S.D. Fla. Apr. 13, 2016) (same).

The asset freeze contained in the Defendants' Proposed Order would put investor funds at

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risk. While Defendants' Proposed Order states in pertinent part that "[a]n asset freeze pending resolution of the Preliminary Injunction Motion is appropriate " (Def. Prop. Order at 2), Defendants' Proposed Order fails to protect investors and instead permits Kameli to continue to dissipate the limited investor funds that remain.

Defendants' proposed asset freeze inappropriately: (i) gives Kameli the right make unlimited payments to employees of Relief Defendant Bright Oaks Development and Defendant CFIG for "salaries" and "work-related expenses" and permits these entities to incur unlimited amounts of debt to make these payments (Def. Prop. Order at 6, parts A-C of "Asset Freeze" section); (ii) permits Defendants or any third party to loan amounts of $75,000, $25,000, and $10,000 in connection with the Aurora Fund and Aurora Facility, and gives these loan amounts priority over any payments to investors or most other debtors (*id.* at 7, part B of "Asset Freeze" section); and (iii) provides unlimited payments to Kameli and his law firm to represent the Defendants and Relief Defendants "in any action filed by third parties." (*Id.* at 10, part G. of "Asset Freeze" section).

This Court should not allow Kameli to circumvent the purported "asset freeze" he proposes by including provisions in an asset freeze order that allow for unlimited payments to Kameli, his law firm, and employees of CFIG and Bright Oaks Development, along with additional payments to Kameli and his entities in connection with the Aurora Fund and the Aurora Facility. Kameli's history of squandering investor assets has left investors with little to show for their $500,000 investments in the Funds and has jeopardized investors' chances for obtaining permanent U.S. residency under the EB-5 Program. Now, Kameli seeks further license from the Court to continue his misuse of investor funds under the guise of an asset freeze. The Court should ensure that Kameli cannot use a single additional dollar of investor funds unless he

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can establish with specific, compelling evidence that such use is necessary to protect investors' interests. While the SEC has discussed with Kameli the idea of certain limited, temporary, Court-approved and Court-monitored payments necessary to protect investors during the period of a TRO, Kameli has not provided the SEC with any evidence of the need for the payments he has proposed, despite the SEC's request that he do so. The Court should maintain the integrity of an asset freeze order by rejecting the gaping holes that Kameli seeks to poke in it.

IV. The Court Should Enter A Document Preservation Order Without Permitting Kameli To Alter Documents.

The SEC has sought an order preventing the alteration or destruction of documents and other potential evidence. A document preservation order would protect the integrity of the proceeding and promote the truth-seeking function of litigation. *See, e.g., SEC v. ABS Manager, LLC*, No. 13cv319-GPC (JMA), 2013 WL 1164413, at *4 (S.D. Cal. Mar. 20, 2013) (granting motion prohibiting the destruction and requiring the preservation of documents).

As with the asset freeze order, Defendants purport to agree to a document preservation order but then propose to make the order ineffectual. Defendants' Proposed Order states in pertinent part that "[a] document preservation order is appropriate." (Def. Prop. Order at 2). However, Defendants then propose to eliminate the proscription in the document preservation order against alteration of documents. (*Id.* at 11, part A. of "Order Prohibiting Destruction of Records" section). The SEC has asked Kameli why he seeks to alter documents, but he has not provided an answer. This Court should not give Kameli authority to alter documents.

Kameli also proposes to excuse his brother, Nader Kameli, from the requirement to preserve documents. (*Id.* at 11, part A. of "Order Prohibiting Destruction of Records" section). Kameli appointed Nader Kameli to oversee development of the Projects through Bright Oaks Development and to oversee pre-management and management services through Bright Oaks

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Management. Kameli also previously installed Nader Kameli into positions at CFIG and at several of the Projects. Nader Kameli doubtless has possession and control over relevant documents. This Court should not permit destruction of documents by Kameli, his brother Nader Kameli, or anybody else involved with the Funds or Projects.

V. The SEC Respectfully Requests That The Court Promptly Appoint A Receiver After The Preliminary Injunction Hearing.

The SEC also has sought the appointment of a receiver over Defendants and Relief Defendants. Courts regularly appoint receivers to manage corporate assets when there has been fraud and mismanagement and a receiver is necessary to identify, marshal, preserve, and protect the assets. *See, e.g., SEC. v. Enterprise Trust Co.*, 559 F.3d 649, 650 (7th Cir. 2009); *SEC v. Homa*, 514 F.3d 661, 665 (7th Cir. 2008); *SEC v. Keller Corp.*, 323 F.2d 397, 403 (7th Cir. 1963); *SEC v. Hollinger Intern., Inc.*, No. 04-0336, 2004 WL 1125904, at *7 (N.D. Ill. May 19, 2004). Courts also have appointed receivers in cases involving investments under the EB-5 Program. *See, e.g., SEC v. Quiros*, No. 1:16-cv-21301-DPG (S.D. Fla. Apr. 13, 2016); *SEC v. Path America, LLC*, No. 2:15-cv-1350-JLR (W.D. Wash. Oct. 22, 2015).

Because the SEC and the Defendants have been unable to agree on whether the Court should appoint a Receiver, the SEC's request for appointment of a Receiver is being continued until the Court can hear live witness testimony at the August 1 and 2 preliminary injunction hearing. However, the SEC believes that it is imperative that the Court appoint a Receiver promptly after the Court conducts the preliminary injunction hearing. The appointment of a Receiver cannot wait, and the Court cannot allow Kameli to maintain control over the Funds and the Projects. For seven years, Kameli and his brother have misused and mismanaged the Funds and the Projects. In the process, Kameli has accepted millions of dollars in fees and jeopardized investors' investment return and their chances at permanent U.S. residency. Under the EB-5

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Program, investors' $500,000 investments must not only create jobs, but they must create these jobs within a certain period of time. With every passing day that the Projects continue to stagnate under Kameli's control, the harm that he has caused investors becomes more acute. Investors need an independent Receiver to quickly take control of the Projects to assess immediately how to try to make the Projects viable and remedy the damage from Kameli's seven-year record of malfeasance.

CONCLUSION

For these reasons, the SEC respectfully requests that the Court enter the SEC's Proposed Order, including a temporary restraining order, conduct-based injunction, asset freeze, and documents preservation directive, and grant such other ancillary relief as the Court deems just and proper.

Dated: July 19, 2017

Respectfully submitted,

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