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16 **UNITED STATES DISTRICT COURT**
17
18 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

19 MINGAN CHEN, an individual,
20 YANMEI DAI, an individual, LI GE, an
21 individual, PENGMING GUAN, an
22 individual, HONG JIA, an individual, HUI
23 JIANG, an Individual, YINSHAN LAN,
24 an individual, ZHIQUAN PU, an
25 individual, JUE WANG, an individual, ZI
26 WANG, an individual, YI ZHANG, an
27 individual, CHANGDING ZHAO, an
28 individual, JUN HUANG, an individual,
YANHONG CHEN, an individual, and
WEI YANG, an individual,

Plaintiffs,

v.

CALIFORNIA INVESTMENT
MIGRATION FUND, LLC, a California
[caption continued on next page]

CASE NO.

COMPLAINT FOR:

- 1. VIOLATIONS OF THE SECURITIES & EXCHANGE ACT OF 1934 [17 C.F.R. 240.10B-5];**
- 2. INTENTIONAL MISREPRESENTATION;**
- 3. FRAUDULENT CONCEALMENT;**
- 4. NEGLIGENT MISREPRESENTATION;**
- 5. BREACH OF FIDUCIARY DUTY;**
- 6. CONVERSION; and**
- 7. BREACH OF CONTRACT;**

DEMAND FOR JURY TRIAL

1 limited liability company, VICTORIA
2 CHAN, an individual, HARRIS LAW
3 GROUP, USA LLC, a California limited
4 liability company, TAT CHAN, an
5 individual, ZHENG CHANG, an
6 individual, FANG ZENG, an individual,
7 The Harris Group III, LP, and DOES 1
8 through 10, inclusive,

9 Defendants.

10 **JURISDICTION AND VENUE**

11 1. Pursuant to 15 U.S.C. § 78a, the Court has jurisdiction over the claims
12 for relief asserted herein which arise under and are brought pursuant to Sections
13 10(b) of the Securities and Exchange Act, 15 USC §78j(b), and Rule 10b-5
14 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5. This Court has
15 jurisdiction over the remaining claims for relief by virtue of diversity jurisdiction
16 under 28 U.S. Code § 1332 and the Alien Tort Statute, 28 U.S. Code § 1350.

17 2. Venue in this District is proper under 28 U.S.C. §§ 1391(a) and (c)
18 because a substantial part of the activities and events occurred within this district
19 and the Defendants are conducting business, have principal office locations and/or
20 are residents within this district.

21 **INTRODUCTION**

22 3. Plaintiffs are foreign nationals who became the victims of a
23 \$50,000,000 securities fraud scheme in which the Defendants, primarily based in
24 California, preyed on Chinese nationals who wished to leave China and provide
25 their families with the opportunities in the United States through the EB-5
26 program.

27 4. Pursuant to this scheme, Defendants absconded with each of the
28 Plaintiffs' \$500,000 in Capital investment funds," and \$50,000 in "administrative
fees" (except for Plaintiffs Hui Jiang, Changding Zhao, and Li Ge, for whom the

1 administrative fee was \$40,000) by fraudulently inducing the Plaintiffs to invest in
2 bogus enterprises created and maintained by Defendants, which Defendants
3 misrepresented were valid Los Angeles EB-5 real estate projects.

4 5. Defendants orally and in writing represented to Plaintiffs that their
5 funds would be held in an escrow account and not disbursed unless and until
6 Plaintiffs' I-526 immigration petitions were approved by the United States
7 government. If Plaintiffs' I-526 petitions were approved, Plaintiffs' funds would
8 then be used for the development costs of an EB-5 project which would create at
9 least ten full-time jobs for qualifying U.S. workers.

10 6. The truth was, however, that Plaintiffs' funds were not held in the
11 escrow account. Instead, contrary to Defendants' written and oral representations,
12 Plaintiffs' funds were improperly transferred from the escrow account to other
13 accounts owned or controlled by Defendants and spent for the personal pleasure of
14 the Defendants. Defendants used Plaintiffs' funds to purchase for themselves
15 multiple real properties for their own personal use, luxury cars, and other
16 accoutrements of a life of luxury.

17 7. None of Plaintiffs' funds were ever used to develop the EB-5 projects,
18 and no jobs were created with Plaintiffs' funds (or apparently with any other
19 investor's funds as well). Plaintiffs are informed and believe that Defendants'
20 fraud was so overwhelming and pervasive that a federal forensic account analyst
21 could not determine where all the funds had been diverted by the Defendants.

22 8. Defendant California Investment Immigration Fund, LLC (hereinafter
23 "CIIF"), is a California Limited Liability Company created, owned, operated, and
24 managed by the Defendants in San Gabriel, CA, 91776. CIIF was designated by
25 the United States Citizenship & Immigration Services ("USCIS") as a Regional
26 Center authorized to sponsor EB-5 projects. Defendants fraudulently induced
27 Plaintiffs to contribute \$500,000 of capital investment funds into various CIIF
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1 sponsored projects in exchange for an interest in a purported newly created
2 commercial enterprise.

3 9. Defendant Victoria Chan is an individual residing in South El Monte,
4 California, and on information and belief is the daughter of Defendants Tat Chan
5 and Zheng Chang. Victoria Chan is an attorney licensed to practice law in the State
6 of California and is engaged in the practice of law in the City of San Gabriel,
7 California as a sole practitioner and owner of Defendant Harris Law Group USA,
8 LLC (“Harris Law Group”). Victoria Chan obtained CIIF’s Regional Center status,
9 and participated in drafting Defendants’ fraudulent documentation. Victoria Chan
10 further acted as the attorney for Plaintiffs and filed Form I-526’s on their behalf.

11 10. Defendant Tat Chan is an individual residing in the County of Los
12 Angeles. Tat Chan has been in the immigration business since 1976 and has at all
13 relevant times acted as the principal and general partner of CIIF. Upon information
14 and belief, Tat was the criminal mastermind behind the CIIF regional center
15 fraudulent scheme, and organized all the players and their respective roles. Tat and
16 his accomplices made material, false representations to Plaintiffs that induced them
17 to provide and continue with their investments. Tat arranged to provide legal
18 services for Plaintiffs’ EB-5 applications through his daughter’s company, Harris
19 Law Group, USA, LLC, to further deceive Plaintiffs, keep them ignorant of the
20 true facts, and give them the false notion that their investments and actions were
21 legitimate and legal. By providing Plaintiffs with a California licensed attorney
22 who was also a co-conspirator in the fraud, Defendants induced Plaintiffs to sign
23 Defendants’ fraudulent documentation, and ensured that the non-English speaking
24 Plaintiffs and other investors would not hire independent counsel.

25 11. Defendant Zheng Chang is an individual residing in the county of Los
26 Angeles and on information and belief is Victoria Chan’s mother. Zheng Chang is
27 believed to be residing in California. On information and belief, Zheng Chang,
28 with knowledge of the falsity of Defendants’ scheme, was active in promoting the

1 false projects, deceiving Plaintiffs and other investors, and perpetrating the scheme
2 to defraud the Plaintiffs.

3 12. On information and belief, Defendant Fang Zeng is a Chinese national
4 residing in the State of California. On information and belief, Fang Zeng is a
5 companion of Tat Chan and, with knowledge of the falsity of Defendants' scheme,
6 was active in promoting the false projects, deceiving Plaintiffs and other investors,
7 and perpetrating the scheme to defraud the Plaintiffs.

8 13. The above-named Defendants created, owned, operated and managed
9 the companies listed below (some of which are now dissolved and some of which
10 are still active) that were used as sham NCEs and/or otherwise used to defraud
11 Plaintiffs and other foreign investors. Defendants misrepresented to Plaintiffs and
12 other investors that the below companies would zealously represent them, or were
13 companies that would act in good faith with investors involved in EB-5 or capital
14 investment matters:

- 15 a. Harris Law Group USA, LLC, 225 W Valley Blvd., Suite H118,
16 San Gabriel, CA, 91776;
- 17 b. California Investment Immigration Fund LP, 225 West Valley
18 Blvd., H118, San Gabriel, CA, 91776;
- 19 c. California Investment Immigration Fund, LLC, 225 West Valley
20 Blvd., H118, San Gabriel, CA, 91776;
- 21 d. CIIF Hotel Group LP, 126888 Chapman Avenue #3313, Garden
22 Grove, CA, 92840;
- 23 e. CIIF Investment Group LP, 12688 Chapman Avenue #3313,
24 Garden Grove, CA, 92849;
- 25 f. The Harris Group, LP, 225 West Valley Blvd., H118, San Gabriel,
26 91776;
- 27 g. Harris Financial Group, LLC, 225 West Valley Blvd., H118, San
28 Gabriel, CA, 91776;

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- h. Harris Franchise Group, LLC, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- i. Harris Construction Group, LLC, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- j. Harris Investment Immigration Fund, LLC, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- k. Harris Development Group, LP, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- l. The Harris Group, LP, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- m. The Harris Group II, LP, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- n. The Harris Group III, LP, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- o. The Harris Group VIII LP, 225 West Valley Blvd., H118, San Gabriel, CA, 91776;
- p. Harris Group X, LP, P.O. Box 1880 San Gabriel, CA, 91778;
- q. The Harris Group XVIII LP, 225 West Valley Blvd., H118, San Gabriel, CA, 91776; and
- r. American Immigration Center, Inc., 12688 Chapman Avenue, Unit 3313, Garden Grove, CA, 92840.

14. All corporations and other business entities used by the Defendants were alter-egos of Defendants and were used to conceal and further their fraudulent behavior. The corporations were used to create an “official” reputable appearing façade to perpetuate the fraud. A unity of interest and ownership exists between the entities and Defendants such that the separate identities of the corporation and the individual no longer exist, and if the acts of the entities are treated as those of the entities’ alone, an inequitable result will follow.

1 Chan as their advisor and retain Victoria Chan as their attorney to represent them
2 and counsel them throughout the EB-5 process. All Defendants shared in the
3 financial gain of the misrepresentations.

4 19. The truth was that all Defendants had misappropriated and spent
5 Plaintiffs' money for their own personal use, no construction ever occurred for any
6 of the projects in which Plaintiffs invested, and no jobs were created with
7 Plaintiffs' funds. The Defendants concealed these facts from Plaintiffs by lulling
8 and bullying them, and by taking advantage of their ignorance of U.S. law.
9 Whenever Plaintiffs asked the Defendants about their EB-5 cases and investments,
10 Defendants would mislead them and say that all was well with their money and the
11 projects.

12 20. In addition, Defendants on several occasions forged Plaintiffs'
13 signatures on U.S. Immigration forms to further perpetrate their fraud, keep the
14 Plaintiffs' immigration cases ongoing, and maintain Plaintiffs' ignorance. Any
15 Plaintiffs who questioned or requested the return of their investment were deceived
16 by Defendants, and thereby lulled into a false sense of security which allowed
17 Defendants to deny Plaintiffs their rights to reimbursement.

18 21. As alleged by the United States of America in several civil forfeiture
19 actions filed in this District against various properties acquired by Defendants with
20 stolen funds¹, and as stated in the April 4, 2017 FBI's sworn application for a
21 search warrant in Case no. 8:17-MJ-00088, between January 2009 and August
22 2016, Defendants utilized at least 72 bank accounts to redirect and sequester more
23 than \$50,000,000 of the capital investment funds fraudulently acquired from more
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25 ¹ Case Nos. 2:17-cv-03887-MWF-RAO, 2:17-cv-03901-DMG-PLA, 2:17-cv-
26 03890-MWF-RAO, 2:17-cv-03895-MWF-RAO, 5:17-cv-01033-MWF-RAO, 5:17-
27 cv-01030-MWF-RAO, 5:17-cv-01029-MWF-RAO, 5:17-cv-01031-BRO-PLA,
28 and 5:17-cv-01034-MWF-RAO.

1 than 100 foreign Chinese nationals, including accounts at East West Bank, CTBC
2 Bank, Bank of America, JPMorgan Chase Bank, Wells Fargo Bank, HSBC Bank,
3 and Far East National Bank. According to the FBI, Defendants Tat Chan and Fang
4 Zeng (“Zeng”) were the signatories on most of the CIIF-related bank accounts, and
5 “much of those funds originated from accounts in China and Hong Kong.”

6 22. In addition, according to the US Government, since 2009 CIIF has
7 improperly refunded more than \$10,000,000 to EB-5 investors, but did not
8 withdraw those investors’ pending EB-5 petitions, even though those foreigners
9 were no longer eligible for the EB-5 visa program because of the refunds.

10 23. From 2012 to 2015, Tat Chan and Victoria Chan fraudulently induced
11 the Plaintiffs to sign the following forms and documents:

- 12 a. Form G-28, Notice of Entry of Appearance of Attorney;
- 13 b. Form I-526, Immigration Petition by Alien Entrepreneur;
- 14 c. An Irrevocable Limited Partnership Agreement;
- 15 d. A Private Placement Offering (“PPO”) consisting of the following
16 documents:
 - 17 i. Summary;
 - 18 ii Memorandum of Terms;
 - 19 iii Subscription Documents;
 - 20 iv Operating Agreement; and
 - 21 v Risk Factors.
- 22 e. Irrevocable Subscription Agreement with CIIF;
- 23 f. Irrevocable Investment and Fund Deposit Agreement;
- 24 g. Escrow Agreement
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- h. Management Services Agreement between CIIF and each Plaintiff, whereby the Plaintiff appointed CIIF to render advisory, consulting, and management services and required the management fee to be paid;
- i. Declaration and Certification Statement regarding the certification of all information provided by each Plaintiff;
- j. Law firm retainer called “Company Client Agreement” with “US Law Center”;
- k. Power of Attorney; and
- l. Letter of Commitment on Application of American EB-5 Investment Immigration.

24. All of the above documents except “k” and “l” were in English with no Chinese translation provided. The documents were often blank when executed and Plaintiffs signed them not knowing that the Defendants could modify the document’s terms after the execution by the Plaintiffs. Although Plaintiffs have made several requests to CIIF and Victoria Chan to provide the executed documents, Victoria Chan and CIIF have never provided the Plaintiffs with copies of any of the documents or I-526 submission packages.

25. The Plaintiffs were given Defendants’ misrepresentations, and presented with and signed the above documents, at the following times:

- a. Plaintiff Mingan Chen - July of 2014;
- b. Plaintiff Yanmei Dai - December of 2013;
- c. Plaintiff Li Ge - May of 2012;
- d. Plaintiff Pengming Guan - September of 2014;
- e. Plaintiff Hong Jia - July of 2015;
- f. Plaintiff Hui Jiang - May of 2012;
- g. Plaintiff Yinshan Lan – February and March of 2014;
- h. Plaintiff Shaquana Pu - August of 2014;
- i. Plaintiff Jue Wang - August of 2015;

- 1 j. Plaintiff Zi Wang – April of 2014.;
- 2 k. Plaintiff Yi Zhang - December of 2013;
- 3 l. Plaintiff Changding Zhao - May of 2012;
- 4 m. Plaintiff Jun Huang - February of 2014;
- 5 n. Plaintiff Yanhong Chen - December of 2013; and
- 6 o. Plaintiff Wei Yang - December of 2013.

7 26. Plaintiffs’ signatures on the above documents and their purchases of
8 interests in purported projects sponsored by CIIF constituted sales of securities
9 under Sections 10(b) of the Securities and Exchange Act, 15 U.S.C. § 78c, 15
10 U.S.C. §78j(b), and 17 C.F.R. §240.10b-5.

11 27. Plaintiffs were not aware of Defendants’ fraud and wrongdoing, and
12 no reasonable and diligent investigation by Plaintiffs could have discovered such
13 matters until April of 2017, when the Federal Bureau of Investigation executed a
14 search warrant at the office of CIIF and Defendants’ residences.

15 28. Plaintiffs Li Ge, Changding Zhao, Yi Zhang, and Wei Yang have
16 received partial refunds of their investment because they were falsely told by
17 Victoria Chan and Tat Chan that they could invest \$500,000 and CIIF could
18 lawfully return \$300,000 to them through Victoria Chan for a fee of \$6,800.

19 29. Plaintiff Wei Yang has subsequently withdrawn the I-526 Petition,
20 and received a refund of \$293,200 to date. Plaintiff Li Ge has subsequently
21 withdrawn the I-526 Petition, and received a refund of \$490,000 to date. Plaintiff
22 Changding Zhao has subsequently withdrawn the I-526 Petition and received a
23 refund of \$293,200 total, to-date. Plaintiff Yi Zhang has subsequently withdrawn
24 the I-526 Petition. ZHANG, Yi has received a refund of \$293,200 to date.

25 **Overview of the EB-5 Program**

26 30. The Immigration and Nationality Act (“INA”) sets aside visas to
27 qualified foreign nationals who contribute to the economic growth of the United
28 States by investing in U.S. businesses and creating jobs for U.S. workers. The

1 employment-based fifth preference immigrant visa category (EB-5) was created by
2 Congress for the benefit of the U.S. economy by providing an incentive for foreign
3 capital investment that creates or preserves U.S. jobs.

4 31. In 1990, Congress created the Immigrant Investor Program,
5 commonly known as “EB-5,” in order to contribute to the U.S. economy through
6 job creation and capital investment from immigrant investors by creating a new
7 commercial enterprise (“NCE”) or investing in a troubled business. 8 USC § 1153,
8 “Allocation of immigration visas,” controls the preference allocation for
9 employment-based immigrants. Section 1153(b)(5), “Employment Creation,”
10 defines the EB-5 visa program. Part G (“Investors”) of the recently published
11 Volume 6 (“Immigrants”) of the USCIS Policy Manual describes the specific rules
12 applicable to the EB-5 program.

13 32. The INA authorizes approximately 10,000 EB-5 immigrant visas
14 annually. The investment amount of \$1,000,000 U.S. dollars per investor was
15 established. However, to encourage investment in businesses located in areas or
16 areas that would benefit the most benefit from employment creation, there is a set
17 aside of at least 3,000 of the approximately 10,000 EB-5 visas annually for those
18 who invest in NCE’s that create employment in targeted employment areas
19 (“TEAs”), which include rural areas and areas with high unemployment.

20 33. There are 2 traditional paths for an EB-5 investor and their family to
21 obtain permanent residency. The original direct path and the Regional Center path.
22 Both require an investment of either \$1,000,000, or \$500,000 (if the investment is
23 in a TEA) in an NCE located within the United States. The investor must invest his
24 or her own capital, and that capital must be lawfully obtained. The immigrant
25 investor must also document the lawful source of funds and the path of funds on
26 how the investment was made and deposited.

27 34. Qualifying investments require the investor to place their capital
28 contribution “at risk,” which means that there must be a risk of loss and a chance

1 for gain. Furthermore, if the investor is guaranteed the right to eventual ownership
2 or use of a particular asset in consideration of the investor's contribution of capital
3 into the NCE, the expected present value of the guaranteed ownership or use of
4 such asset will count against the total amount of the investor's capital contribution
5 in determining how much money was placed "at risk."

6 35. As part of the petition process, the investor must show that there is an
7 actual undertaking of business activity. The mere act of forming or funding a NCE
8 would be insufficient to show that an immigrant investor has placed his or her
9 capital "at risk." As such, the investor must show actual business activity that
10 shows the "at risk" nature of the investment.

11 36. The capital investment proceeds must be made available to the job
12 creating enterprises (JCE's) responsible for creating the employment upon which
13 the petition is based. In the most popular model, the Regional Center path, the
14 investor must show an investment in the NCE and then that the funds are or will be
15 made available to the JCE.

16 37. The investment, through the loan or investment of the NCE to a JCE
17 (or NCE itself), must create or preserve ten full-time jobs for qualifying U.S.
18 workers within two years (or within a reasonable time after the two-year period) of
19 the immigrant investor's admission to the United States as a Conditional
20 Permanent Resident. "Full-time employment" is defined as employment of a
21 qualifying employee by the NCE in a position that requires a minimum of thirty-
22 five working hours per week. A "qualifying employee" must be a U.S. citizen, a
23 lawfully admitted permanent resident, or other immigrant lawfully authorized for
24 employment in the United States including but not limited to a conditional resident,
25 a temporary resident, an asylee, a refugee, or a foreign national remaining in the
26 United States under suspension of deportation. The investor, immediate family
27 member, or any non-immigrant will not count towards the definition of qualifying
28 employee.

1 38. In the case of the Regional Center path, and in large part why it is a
2 common and popular choice for investors, “full-time employment” can include
3 employment of a qualifying employee in a position that has been created
4 “indirectly” or induced from investments associated with the program. Indirectly
5 created jobs are those created outside, collaterally, or as a result of capital invested
6 in the NCE/JCE sponsored by the Regional Center. In order to demonstrate this,
7 EB-5 business plans will rely on economists to produce a job creation report that
8 use USCIS accepted methods and analyzes the expenditures, investment,
9 geographical area, NAICS codes, etc. to determine how many indirect jobs are
10 created as a result of the project.

11 39. Regional Centers are an economic unit, public or private, which is
12 involved with the promotion of economic growth, improved regional productivity,
13 job creation, and increased domestic capital investment. In order to obtain
14 Regional Center (RC) designation, the organizers must show: (1) how the RC plans
15 to focus on a geographical region within the United States, and must explain how
16 the RC will achieve economic growth within this regional area; that the RC’s
17 business plan can be relied upon as a viable business model; (3) how in verifiable
18 detail (using economic models in most instances) jobs will be created directly or
19 indirectly through capital investments made in accordance with the RC’s business
20 plan; and (4) the amount and source of capital committed to the project and the
21 promotional efforts made and planned for the business project.

22 40. To obtain Lawful Permanent Residence (LPR), an investor must
23 submit and have approved a Form I-526 petition. The current estimated
24 adjudication times for a Form I-526 is twenty-two months, however in reality it is
25 often longer than that. Once the Form I-526 is approved, the investor either seeks
26 to adjust status (I-485) or goes through consular processing, to obtain their LPR. In
27 order to do this a visa must be available to them at the time. When the Plaintiffs in
28 this case applied, there was no wait or significant wait times for visas to become

1 available. However, given the popularity of the program, should they wish to re-
2 apply at this point, they may be looking at an eight to ten year wait period for a
3 visa to become available to them. After this, the LPR period is for 2 years. After 21
4 months, the investor and derivative family members must submit a Form I-829
5 requesting USCIS remove the conditions of the PR. In order to get approved, they
6 must show that the investment was at risk and the jobs were created. The current
7 processing times for a form I-829 is approximately 26-27 months.

8 **First Claim for Relief – Violations of the Securities & Exchange Act of**
9 **1934 and 17 C.F.R. 240.10b-5.**

10 ***(Against All Defendants)***

11 41. Plaintiffs adopt and re-allege the averments set forth in paragraphs 1
12 through 40 as if fully stated fully herein.

13 42. The Defendants carried out a plan, scheme, and course of conduct that
14 was intended to, and did, deceive the Plaintiffs, and caused the Plaintiffs to
15 purchase securities.

16 43. The Defendants employed devices, schemes, and artifices to defraud
17 the Plaintiffs. The Defendants made untrue statements of material facts and
18 omitted to state material facts that caused their statements to mislead the Plaintiffs.
19 The Defendants engaged in acts, practices, and a course of business which
20 operated to defraud and deceive the Plaintiffs, the purchasers of the securities.

21 44. As a result of the dissemination of materially false and misleading
22 information and failure to disclose material facts, as set forth herein, CIIF's
23 sponsored projects appeared to be legitimate investment opportunities for
24 foreigners seeking a path to United States residency via an EB-5 visa.

25 45. Plaintiffs had no knowledge the securities were merely a façade for
26 the Defendants criminal behavior. The Plaintiffs invested their money and
27 purchased a security and have suffered irreparable harm as a result of the fraud.

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1 46. The Defendants have violated Section 10(b) of the Exchange Act 15
2 USC §78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. §240.10b-5. As a
3 direct and proximate result of the conduct of the Defendants, the Plaintiffs suffered
4 damages in connection with their respective purchases of a security in an offering
5 sponsored by CIIF and managed by the Defendants.

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7 **Second Claim for Relief – Intentional Misrepresentation**

8 ***(Against Defendants Tat Chan and Victoria Chan)***

9 47. Plaintiffs adopt and re-allege the averments set forth in paragraphs 1
10 through 40 as if fully stated fully herein.

11 48. Defendants represented to Plaintiffs, among other things alleged
12 above, that Plaintiffs' EB-5 petitions would be successful, that the investments
13 offered by Defendants would be made into an EB-5 project that was approvable,
14 valid, and compliant with United States law and policy, and that Plaintiffs funds
15 would be used only for such investments.

16 49. Defendants knew that their representations were false when they made
17 the representations,

18 50. Defendants intended that Plaintiffs rely on the misrepresentations.

19 51. Plaintiffs reasonably relied on Defendants' misrepresentations.

20 52. Plaintiffs were financially damaged as a proximate result of
21 Defendants' misrepresentations.

22 53. Plaintiffs' reliance on Defendants' misrepresentations was a
23 substantial factor in causing Plaintiffs to make their investments and pay their
24 money to Defendants' and Defendants' entities.

25 54. As a direct result of the misrepresentation by the Defendants, each
26 Plaintiff suffered and continues to suffer emotional distress.

27 55. As a direct result of Defendants' misrepresentations, each Plaintiff is
28 entitled to damages in the form of a trust or lien on any and all property that the

1 Defendants have in the United States, be it real property, bank accounts,
2 automobiles, or any other property seized by the FBI, other federal agency, or as
3 yet to be discovered.

4 **Third Claim for Relief – Fraudulent Concealment**

5 ***(Against Defendants Tat Chan and Victoria Chan)***

6 56. Plaintiffs adopt and re-allege the averments set forth in paragraphs 1
7 through 40 as if fully stated fully herein.

8 57. Defendants concealed certain information from Plaintiffs as averred
9 above, including that the investments offered by Defendants were invalid and non-
10 compliant with United States law, and that Plaintiffs' funds would be taken by
11 Defendants and used for Defendants' personal purposes.

12 58. Defendants intentionally failed to disclose certain material facts to
13 Plaintiffs that were known only to Defendants and that Plaintiffs could not have
14 discovered. In addition, Defendants prevented Plaintiffs from discovering certain
15 material facts.

16 59. Plaintiffs did not know the concealed facts.

17 60. Defendants intended to deceive Plaintiffs by concealing the facts.

18 61. Had the omitted information been disclosed to Plaintiffs, Plaintiffs
19 reasonably would have behaved differently.

20 62. Plaintiffs were harmed thereby, and Defendants' concealment was a
21 substantial factor in causing Plaintiffs' harm.

22 63. As a direct result of the misrepresentation by the Defendants, each
23 Plaintiff suffered and continues to suffer emotional distress.

24 64. As a direct result of Defendants' misrepresentations, each Plaintiff is
25 entitled to damages in the form of a trust or lien on all property that the Defendants
26 have in the United States, be it real property, bank accounts, automobiles, or any
27 other property seized by the FBI, other federal agency, or yet to be discovered.

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1 **Fourth Claim for Relief – Negligent Misrepresentation**

2 ***(Against Defendants Tat Chan and Victoria Chan)***

3 65. Plaintiffs adopt and re-allege the averments set forth in paragraphs 1
4 through 40 as if fully stated fully herein.

5 66. Defendants represented to Plaintiffs, among other things alleged
6 above, that Plaintiffs’ EB-5 petitions would be successful, that the investments
7 offered by Defendants would be made into a EB-5 project that that was
8 approvable, valid, and compliant with United States law and policy, and that
9 Plaintiffs funds would be used only for such investments.

10 67. Defendants’ representations were not true.

11 68. That although it is possible that Defendants may have believed that
12 the representations were true, they had no reasonable grounds for believing the
13 representations were true when they made them.

14 69. Defendants intended that Plaintiffs rely on the representations.

15 70. Plaintiffs reasonably relied on Defendants’ misrepresentations.

16 71. Plaintiffs were harmed thereby, and Defendants’ concealment was a
17 substantial factor in causing Plaintiffs’ harm.

18 72. Plaintiffs’ reliance on Defendants’ misrepresentations was a
19 substantial factor in causing Plaintiffs to make their investments and pay their
20 money to Defendants’ and Defendants’ entities.

21 **Fifth Claim for Relief – Breach of Fiduciary Duty**

22 ***(against Defendant Victoria Chan)***

23 73. Plaintiffs adopt and re-allege the averments set forth in paragraphs 1
24 through 40 as if fully stated fully herein.

25 74. Defendant Victoria Chan represented Defendants as their attorney,
26 and at all times Defendant Victoria Chan owed the Plaintiffs a fiduciary duty
27 which imposed upon her the highest standard of scrupulous care and loyalty under
28 the law. Ms. Chan was required always to act in Plaintiffs’ best interests, and to

1 refrain from doing anything that would injure or deprive them of profit or
2 advantage, and all the while subordinate her own personal interests to those of
3 Plaintiffs. In addition, Defendant Victoria Chan had a duty to refrain from
4 misleading Plaintiffs, and to manage properly their investment capital and ensure
5 CIIF's EB-5 projects proceeded appropriately.

6 75. Defendant Victoria Chan averred actions constitute repeated knowing
7 and intentional breaches of her fiduciary duty to Plaintiffs. breached her fiduciary
8 duties as averred above.

9 76. Plaintiffs were damaged by Defendant Victoria Chan's breaches of
10 fiduciary duty, including emotional damages caused by Defendants' despicable
11 conduct. for the.

12 77. Ms. Chan's breaches of fiduciary duty were committed with
13 recklessness, oppression, fraud, or malice, and justify an award of punitive
14 damages.

15 **Sixth Claim for Relief – Conversion**
16 ***(against All Defendants)***

17 78. Plaintiffs adopt and re-allege the averments set forth in paragraphs 1
18 through 40 as if fully stated fully herein.

19 79. Based upon, *inter alia*, the PPO and related documents that Plaintiffs
20 signed, each of the Plaintiffs had a right of ownership and a right to possession of
21 the specific, identifiable sum of \$550,000 that they invested with Defendants, plus
22 \$20,000 in legal fees where noted above.

23 80. Defendants committed unwarranted interference with Plaintiffs'
24 dominion over their property, and Defendants wrongfully took possession of
25 Plaintiffs' property. The Defendants either committed or aided and abetted the
26 Defendants' unlawful actions, and/or are otherwise unlawfully in possession of
27 Plaintiffs' property.

28

1 81. Plaintiffs have been damaged as a result of Defendants' wrongful acts.
2 As a direct result of the conversion by the Defendants, each Plaintiff incurred
3 special damages in an amount to be determined.

4 82. As a direct result of the conversion by the Defendants, each Plaintiff
5 suffered and continues to suffer emotional distress.

6 83. As a direct result of the conversion by the Defendants, each Plaintiff
7 is entitled to damages in the form of a trust or lien on any and all property that the
8 Defendants have in the United States, be it Real Property, Bank Accounts,
9 Automobiles, or any other property seized by the FBI, other federal agency, or as
10 yet to be discovered.

11 **Seventh Claim for Relief – Breach of Contract**
12 ***(against Defendants Tat Chan, Victoria Chan,***
13 ***CIIF, and The Harris Group III, LP)***

14 84. Plaintiffs adopt and re-allege the averments set forth in paragraphs 1
15 through 40 as if fully stated fully herein.

16 85. Plaintiffs and Defendants entered into written agreements in the form
17 of the PPO and related documents under which Defendants agreed, *inter alia*, to
18 provide Plaintiffs with legal services, invest Plaintiffs' capital in described EB-5
19 projects.

20 86. The Defendants breached the agreements by failing to provide proper
21 legal services and failing to invest Plaintiffs' funds into legitimate EB-5 projects.

22 87. As a result of the breach of contract, the Plaintiffs' capital investment
23 was not invested in the EB-5 projects promised, and Plaintiffs have lost the entirety
24 of their investment amount and stand to not be able to recoup their money due to
25 the pending United States civil forfeiture cases against the Real Property assets of
26 the Defendants.

27 88. In addition, as a result of Defendants' breach of contract, Plaintiffs
28 stand to potentially lose their US Immigration visa, or their "priority date" (place

1 in line) for a US Immigrant visa because the I-526 applications will no longer be
2 approvable. The Plaintiffs have and continue to suffer irreparable emotional,
3 mental, and financial harm as a result.

4 89. As a direct result of the breach of Contract by the Defendants, each
5 Plaintiff is entitled to damages in the form of a trust or lien on all property that the
6 Defendants have in the United States, be it Real Property, Bank Accounts,
7 Automobiles, or any other property seized by the FBI, other federal agency, or as
8 yet to be discovered.

9 **PRAYER FOR RELIEF**

10 Plaintiffs pray for relief as follows:

11 1. For a preliminary and permanent injunction restraining Defendants,
12 Defendants 'relatives, family members, servants, employees and attorneys, and
13 those persons in active concert or participation with them or who have received or
14 retained any of the proceeds who receive actual notice of the injunction from
15 disposing of or secreting any proceeds of the averred illegal activity, from
16 disposing of or secreting any assets that may reasonably contain or be proceeds of
17 the alleged illegal activity, from disposing of or secreting any property or real
18 property that may reasonably have been purchased with proceeds of the averred
19 illegal activity and, further, from impairing, transferring, disposing, or otherwise
20 diminishing the value of any such property, or from stripping the equity of such
21 property via mortgages or otherwise.

22 2. For an order freezing any accounts in which Defendants and/or any
23 entity they own and/or control has an interest, and impose by temporary and
24 permanent injunctive relief a constructive trust upon the proceeds of Defendants'
25 illegal conduct and grant Plaintiffs such other and further relief which may be
26 appropriate under the circumstances.

27 3. For a trust or lien on all property that the Defendants have in the
28

1 United States, be it Real Property, Bank Accounts, Automobiles, or any other
2 property seized by the FBI, any other federal agency, or as yet to be discovered.

3 4. For judgment against all Defendants, for damages, punitive damages,
4 costs, interest, prejudgment interest, and such other and further relief which is
5 necessary and just in the circumstances because of the Defendants' wrongful acts.

6 5. For general damages and punitive damages against Defendants in an
7 amount that is no less than \$20,000,000, special damages of \$6,270,000 (for the
8 eleven Plaintiffs who have received no refund yet of the \$500,000 capital interest,
9 \$50,000 administrative fee, and \$20,000 legal fees) and \$910,400 for the four
10 Plaintiffs who have received a partial refund of their capital investment, injunctive
11 relief, interest, cost, attorneys' fees, and such other relief that the Court deems just
12 and proper.

13
14 **DEMAND FOR JURY TRIAL**

15 Plaintiffs hereby demand a trial by jury.

16
17
18 DATED: September 27, 2017

19 T.D. Knowles & Associates, PLLC
20 LAW OFFICES JACK G. CAIRL, APC

21
22
23 By: /s/ Jack G. Cairl
24 Jack G. Cairl
25 Attorneys for Plaintiff
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27
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