

The Source for News and Information on the U.S. EB-5 Visa Program

MAY/JUNE 2014



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EB5Info.com is the source for news and information on the USCIS EB-5 Visa Immigrant Investor program and is powered by USAdvisors, a Registered Investment Advisory Firm, that performs independent Risk Analysis and Due Diligence on EB-5 Visa Regional Center projects to help clients make educated decisions based on facts related to the EB-5 Visa investment.

CONTACT

Michael Gibson,
Managing Director
Registered Investment Advisor
CRD #157403
michael@usadvisors.org
LinkedIn @EB5Info
Facebook
cell : 305.978.1108
office : 239.465.4160
Skype: usadvisors.org

Kris Stell, Managing Editor
kris@usadvisors.org
Skype: eb5news1

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EDITOR'S LETTER

by KRIS STELL
Managing Editor



This issue of EB-5 News takes a look at the Louisiana International Gulf Transfer Terminal (LIGTT) on the mouth of the Mississippi, a \$1.3 billion project to be financed with EB-5 funding. This "Gateway Port to America" will be a port for super-sized next generation vessels and is being managed by representatives from different departments of the state of Louisiana and the newly appointed LIGTT Regional Center, the largest RC ever approved many times over. Over 180,000 jobs are to be created and 2,500 EB-5 investors needed. Annual revenues are supposed to be in the billions. Read the article as there are opinions on differing sides about these claims.

We have a great article on the importance of performing due diligence on projects and investments on page 8. It contains stories from different firms on what can happen if this all-important step isn't taken.

We round out the issue with information on the increase in India's foreign exchange investment limits, a plan in Washington to permanently extend the EB-5 program, and Phil Cohen offers advice on starting up an EB-5 Regional Center.

Kris Stell
Managing Editor
EB-5 News



by KRIS STELL
Managing Editor

Questions Raised Over Mississippi Mega Terminal Relying on EB-5 Investment



The Louisiana International Gulf Transfer Terminal (LIGTT), located just east of the mouth of the Mississippi River off Louisiana's Gulf Coast, received EB-5 regional center approval from the U.S. Citizenship and Immigration Service (USCIS) at the end of 2013. This mega-transfer terminal is to improve trade and enhance America's competitiveness amid increased shipping demand as it is to be a hub-and-spoke system for transporting goods via smaller vessels to America's heartland. The \$1.3 billion project will be capitalized through the EB-5 Immigrant Visa program, along with other traditional forms of investment, with nothing coming from the State of Louisiana.

There are opinions both in support and against this project.

About the Project

The LIGTT Authority will oversee the project, which is being managed by the LIGTT Regional Center and developed by LIGTT Development Partners. The Authority includes the Louisiana secretary of the



Department of Economic Development, the secretary of the Department of Transportation and Development and the chairmen of the House of Representatives and Senate Committees on Transportation, Highways and Public Works.

According to a release in the Maritime Executive, "This critical infrastructure project was envisioned by the LIGTT Port Authority Commission, which was created following the passage of Louisiana State Senate Bill 780, Act 699 – introduced by State Senator A.G. Crowe and signed by Governor Bobby Jindal in 2008. The bill passed both the state's House of Representatives and Senate unanimously, with no dissenters."

The terminal, which has the tagline "Gateway Port to America," will be a port for super-sized next generation vessels. The deep water (minimum 70 feet) location is touted as being ideal as a transfer point. There is a conceptual video on YouTube. LIGTT-eb5.com also has one.

Patrick Harvey is the founder and managing member of LIGTT. He was interviewed by Fox Business in February and stated how this project will take up to 2,000 EB-5 investors over the next five years, calling it a landslide event in regards to how many people are concentrated in an infrastructure project and how a project has never been as highly organized or institutionalized as theirs.



Conceptual videos of LIGTT are found on YouTube and LIGTT-eb5.com.



Patrick Harvey of LIGTT discussing the project with Fox Business and giving the below facts.



Differing Sides

LIGTT will reportedly create 34,000 jobs in Louisiana over a multi-year period and 180,000 direct and indirect jobs within 32 states. Project pre-construction began in November 2013. There will be three phases total.

A January article titled "Vast Change in EB-5" on ILW.com which praises LIGTT as a breath of fresh EB-5 air. LIGTT Regional Center is the largest center ever approved by at least six times the prior largest RC. The sheer number of jobs it's reported to create has never been seen in the industry. Annual revenues are sup-

continues next page

posed to be in the billions.

"However, it is not size alone that makes LIGTT a game changer for EB5, there is a second reason. LIGTT appears to have a high degree of sensitivity to compliance with American law, and hence will likely not do business the way it has so far been done in China. LIGTT now joins several smaller pioneering Regional Centers struggling with bringing compliant practices into the EB5 world."

However, an article in *American Shipper* by Eric Kulisch, "Is LIGTT Legit?" states that state officials will take operating control of the facility once investors have been paid because of the potential projects that can be plowed into state coffers. Furthermore that Crowe said the port would contribute \$75 million to the treasury in just its first year, with tax receipts rising in the future as volumes grow. The financing model will allow the state to gain a major asset without requiring any taxpayer funding.

The *American Shipper* article goes on to question the entire project. "Most analysts do not foresee a major shift in market share from the West Coast to the East Coast for Asian imports because of the new all-water capabilities."

Kulisch additionally explains how they are advertising the project as being complete within five years and phase 1 complete by 2016. "The project still faces engineering work, a lengthy environmental impact study,

and multiple permitting processes involving local, state and federal agencies, including the Coast Guard and Army Corps before the first shovel is raised."

Get the Calculator


The Center for Immigration Studies, an independent, non-partisan, non-profit, research organization, took an EB-5 magnifier glass to the project. It found a problem with the funding.

"The EB-5 program has been limited to no more than 10,000 visas a year since its founding in the 1990s. The program, which is clumsy to operate, has never reached that ceiling, but may do so this year given the Obama administration's relentless promotion and re-design of the scheme.

"But the math is such — given the family provisions built into the law — that 10,000 EB-5 visas equals about 3,000 half-a-million investments, or a grand total intake of no more than \$1.5 billion a year for all EB-5 projects in the whole country.

"The investment needed for LIGTT is \$1.3 billion, so its promoters would have to secure nearly a year's worth of EB-5 investments, nationwide — in competition with hundreds of other regional centers — in order to make it work. A tall order."

We do note that Harvey said the over 2,000 investors would be over the five years it's going to take the project to be complete. This of course would lessen the total



Center for Immigration Studies







Low-immigration, Pro-immigrant

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Trade Papers Disagree about Massive EB-5 Project at a Louisiana Port

By David North, March 5, 2014



You may have trouble realizing that both trade papers cited below are describing the same EB-5 project, a proposed port near where the Mississippi meets the Gulf of Mexico.

It would be built for the next generation of huge ocean-going ships. It would facilitate the transfer of freight from these behemoths to smaller ships, some of which would travel up the river. Its initials, LIGTT, stand for Louisiana International Gulf Transfer Terminal.

number of investors needed each year.

EB5News.com will continue to report on LIGTT as developments occur . ■

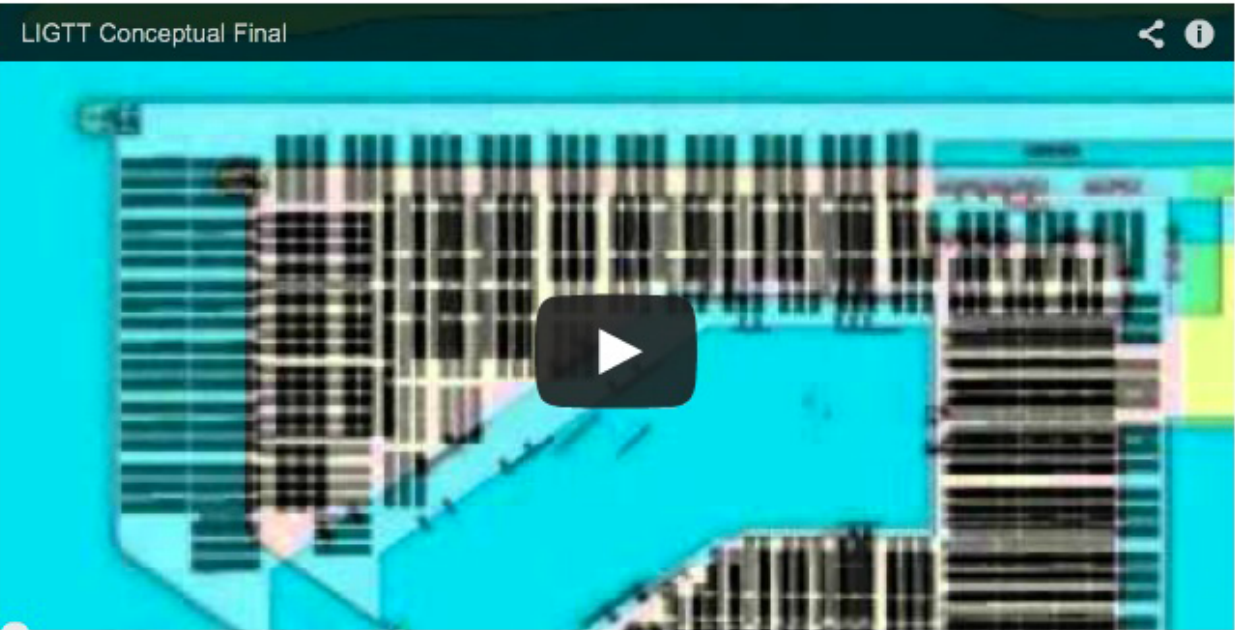
December 13, 2013

U.S. Approves Louisiana International Gulf Transfer Terminal Regional Center

Transshipment facility off Louisiana coast intended to improve America's strained shipping infrastructure, streamline international trade flow and create long-term jobs in 32 states

BY MAREX

LIGTT Conceptual Final



0:00 / 7:11

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American Shipper

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is anything to go by, don't expect the merger to happen ANYtime soon: <http://t.co/tPz8GNRJd5>. #lalportmerg... RT @e



www.evergreen-line.com

Is LIGTT legit?

Premium

Friday, January 17, 2014
By Eric Kulisch

Greenfield port plan off Louisiana coast would rely on immigrant investors for funding.

An investor group with a unique financing scheme that involves a controversial federal immigration program and wealthy foreigners fronting money for a new deep-water port at the mouth of the Mississippi River in exchange for permanent U.S. residency says the government has now cleared the path for it to start work on the project.

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To Due Diligence or Not When it Comes to EB-5

Due diligence is a necessary part of any investment program. We asked leading due diligence firms for examples of where due diligence played a major role in saving major investment dollars.

Have you ever seen an offering package regarding potential investments? If you have, you've realize they can be several inches high and weigh upwards to 20 pounds. They are quite comprehensive with business plans, private-placement memorandums, limited partnership agreements, economic impact analysis, etc. When someone performs due diligence on an offering, they are basically sorting through this stack in order to let you know if what it says is true so you can make an informed investment decision.

Regarding EB-5, due diligence will determine: Will the asset be performing? Will it stabilize? And will it do it in sufficient time to give the investors everything that they need so they can file to remove the conditions at I-829 stage? Do they follow with all of the new and old USCIS guidelines regarding the job creation and the artificial constraints imposed on the job creation timeline?

The U.S. Advisors risk analysis/due diligence analysis is designed to provide project developers, issuers, Regional Center principals, investors, attorneys, advisors and marketing agents an independent third-party identification and verification of the various risks involved with the project's ability to achieve two objectives:

- That the economic activity generated from the creation, expansion, restructuring or preservation of the asset will be sufficient to create sufficient employment to satisfy USCIS regulations within the required period of time and as outlined in the business plan and economic impact report.

That the value of the asset created or saved will be sufficient to return capital to all investors and creditors in a reasonable period of

time and that the exit strategy is clearly is defined and achievable.

Without this verification process, an investors' money could just disappear in a puff of smoke as fraud is not unheard of regarding the EB-5 investor program.

Chicago Convention Center Example

The largest example of fraud in the EB-5 community happened just this past year, which serves as a warning as to why due diligence is so important. As early as November 2011, the Chicago Convention Center project came to the attention of U.S. Advisors. At that time, it was probably the most heavily marketed project in China with at least two dozen or more migration agents in China promoting it. By January 2013 the SEC and USCIS had taken action to stop the fraud -- 250 investors were duped for more than \$145 million.

"We were sent the offering documents. It didn't take us very long, a few hours, to realize that this was all nonsense. There was no substance to anything they were claiming or promoting in the marketing material, and it was more disturbing because it wasn't just the marketing material from the regional center that was of concern -- but when you looked at what all the agents



Michael Gibson

were saying on top of that -- the additional guarantees and claims that were simply not true," said Michael Gibson of U.S. Advisors. "Typically, you're going to find problems with one or two areas where there could be some doubt as to what might be accurate or not; but in this case we found nothing that he (Anshoo Sethi) said was factual."

How does fraud of this magnitude occur if it was so easy to spot the fictional claims? "There was no due diligence done by anybody. You don't even need to do a site visit to figure this one out. Anybody who had done a site visit or even a Google search would've seen there is no possible way they can make a convention center that is not only not anywhere near downtown but not even near the airport. It's in the middle of nowhere out by O'Hare in a small -- I think it's a 3.1-acre parcel, and they were gonna put five hotels there. The whole thing was fantasy, so I don't know anybody involved in that chain, whether they were the attorneys or the agents or the service providers, I don't think anybody did any level of due diligence whatsoever," Gibson stated.

From Due Diligence Experts

U.S. Advisors is the source for news, projects and information about EB-5 Regional Centers and their investment projects. U.S. Advisors works with U.S. firms looking for capital and foreign investors interested in funding U.S. enterprises through private placement agents and broker/dealers and their registered agents. Their database of project offerings is distributed to these firms who evaluate the risk and work with their investors and clients to fund the U.S. commercial enterprises with either debt or equity.



One of the companies, Crowdcheck, Alexandria, VA, performs due diligence on companies raising funds in offerings not registered with the Securities and Exchange Commission. These include offerings to overseas investors under the EB-5 visa program, online offerings to accredited investors under Regulation D, and the offerings that will be made under the new crowdfunding regulations. Crowdcheck focuses on obtaining information that establishes the legitimacy of the entity offering securities and establishing whether the investor has

the information he or she needs to make an informed investment decision. CrowdCheck is comprised of very experienced securities attorneys, business lawyers and entrepreneurs as well as researchers with varied backgrounds in law and finance.

"Here at CrowdCheck, we provide due diligence on the company issuing securities, whether in an EB-5 offering or in other unregistered offerings. We have seen a number of companies in various stages of readiness to conduct a securities offering. Some only required a few bits of evidence to support assertions made to investors, others had to go all the way back to square one because their corporate governance was a mess and the companies were not authorized to offer the securities they wanted to. What is important for EB-5 investors to know is that the background and credentials of the company officers have had no connection to the readiness of the company to offer securities," explained Andrew Stephenson of CrowdCheck.

"One company in particular stands out. This company wanted to sell stock to finance its business of producing a consumer electronics device. In the company's offering materials, it represented that all of its securities were authorized by its board of directors and that it had a manufacturing agreement in place with a major electronics manufacturer. As it turns out, the board had not properly authorized the securities offering and the manufacturing agreement was not in place -- merely in discussions that later fell apart. CrowdCheck caught these issues during our due diligence. Had the company proceeded with these issues, not only would it have committed securities fraud by misrepresenting a material fact, but investors would have been able to rescind the transaction at-will, causing immediate capitalization issues that the company may not have been able to recover from.

"These concerns are especially significant in the EB-5 context. Misrepresentations or flawed authorizations can leave the securities issuer without operating capital, leading to project failure. A failed project will not create the required number of jobs and the investor will not receive a permanent visa," said Stephenson.

Another company is Impact DataSource, Austin, TX, an economic research, consulting and analysis firm



Andrew Stephenson



ImpactDataSource

with over 19 years of experience in regional economic impact analysis that understands the unique economic analysis requirements of the EB-5 approval process. The firm works with regional centers, project applicants and immigration attorneys to demonstrate the economic impact of projects seeking foreign investment. Impact DataSource also assists in the pre-planning stages of project development to determine if the project is likely to meet the 10 jobs per investor requirement and to investigate high unemployment areas and assist in obtaining TEA certification letters.

"As EB-5 economists, Impact DataSource sees a few different issues pop up related to economic studies and targeted employment areas. On more than one occasion, we've worked with developers seeking EB-5 funding that have been using a non-EB-5 economic study for planning purposes. They seek our help in producing an EB-5 compliant job study and find out that allowable EB-5 job creation estimates are much lower than the earlier non-EB-5 economic study indicated," said Paul Scheuren, an economist and principal at Impact DataSource.

"In some cases, the projects are not viable without the previously expected higher EB-5 investment and the other work related to the offering is money and time wasted. Economic impact studies are performed for a variety of reasons but rarely are they reviewed the way USCIS assesses them. In addition, the USCIS requires very specific estimation practices for construction and other elements that are not standard in the rest of the economic impact modeling world.

"Another issue we see regularly relates to clients that need a targeted employment area (TEA) designation for their project but move forward with their project before confirming or securing the designation. Targeted employment areas are becoming more difficult to establish as the economy improves and as some states tighten certification standards.

Developers can save time and money by obtaining their TEA designation in advance, understanding their offering must be prepared and submitted before the TEA designation expires.

Fraud is Afoot

Founded in 1999, Fundadministration is a leading

global hedge fund administrator with offices in New York and clients around the world. The company's cutting-edge technology and highly skilled staff provide a comprehensive suite of administrative products. Their services are fully automated, flexible and provide a cost-effective level of reliability that meet the specific needs of their clients' sophisticated investors.

This true story was submitted by Denise Depaola, CPA and CEO of Fund Administration. Actual names have been withheld. You can't make this stuff up.

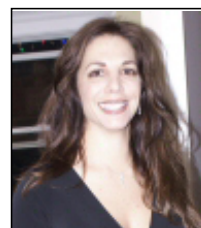
"As the administrator to a large, multi-manager hedge fund, I was asked by my client, the fund's investment manager, to accompany him on a due diligence visit to meet a money manager with the intent of allocating to their trading program. We travelled to Florida to meet with the principal of the firm with which my client planned to invest and, upon our arrival, we were greeted at the airport by a stretch limousine and taken to their offices. We were surprised to find approximately 50 employees in this office and a myriad of trading screens and technology that would easily rival the trading room of a mid-sized bank.

"The principal, with whom we intended to meet, was late. When he eventually arrived, over an hour late, he explained that he had been up all night working on a \$12,000 discrepancy within one of his accounts. Immediately I thought it odd that the principal of a firm this size would personally be involved in searching for a \$12,000 discrepancy; his firm had in excess of 50 employees engaged in what appeared to be trading as well as operational duties. It was also unusual that the principal would use such a minimal discrepancy as an excuse to be late for a meeting in which my client was planning to invest a minimum of \$10 million dollars with his firm.

"During the visit we were treated to a lavish lunch at the principal's golf club and we concluded the meeting by requesting additional documentation. On the flight back, sensing something appeared not quite right, I strongly suggested my client wait several weeks before finalizing the investment. We never received the requested documentation and I decided to make a solo, unannounced visit to the principal. Upon visiting the same location, I found an office that was a shell of its former self;



Paul Scheuren



Denise Depaola

only two employees were present and clearly their only function was to answer the telephone. I advised my client to look elsewhere for investment opportunities as the principal's entire operation had clearly been set up only to impress us and secure his investment. Several months later it was learned that this principal had been arrested for fraud."



Joe Whalen

Joe Whalen, an independent consulting and trainer, submitted this weird story: "I had a client approach me for an assessment of an idea for direct EB-5 investment. He wanted to go into farming in the U.S. because he knew it from back home (in India). The problem with his idea was that he wanted to use

that EB-5 "farm" to import H2-A non-immigrant agricultural workers as a back-door way of bringing in adult-kids, siblings, cousins, nieces, nephews, grandchildren,

various in-laws, and some close family friends. Essentially, he wanted to import most of his village.

"After biting my tongue to prevent laughter, I explained that that would not be EB-5 compliant because zero spouses, sons or daughters could count (kids of all ages are barred) and that zero non-immigrants could count. Then, I also explained the realities of the U.S. agricultural workforce, namely, that the vast majority are unauthorized aliens that also do not count. The few agricultural concerns that have been used as EB-5 vehicles have not had much success.

"This person saved himself not only the EB-5 expenses but also all the associated pointless non-immigrant petitioning fees. And as he would have been just "the front man" and wanted the H2-A workers to pay their own USCIS and DOS fees, he may have saved his life by checking with a professional first."

For more information on due diligence, visit www.usadvisors.org. ■

The Due Diligence Firms



• Sara Hanks, co-founder and CEO of CrowdCheck, is an attorney with over 30 years of experience in the



corporate and securities field. CrowdCheck helps entrepreneurs through the disclosure and due diligence process. Sara's most recent position was General Counsel of the Congressional Oversight Panel, the overseer of the Troubled Asset Relief Program (TARP). At the TARP oversight panel, Sara spent 18 months on Capitol Hill investigating the implementation and consequences of the TARP in depth. She examined the government's intervention in the automotive companies, the

execution of the banking "stress tests," the rescue of AIG, and the international aspects of the financial crisis. Years prior, while at the SEC and as Chief of the Office of International Corporate Finance, she led the team drafting regulations that put into place a new generation of rules governing the capital-raising process.

• Brian R. Knight, co-founder and vice president for Platform Services at CrowdCheck, has experience as both an attorney and an entrepreneur. Brian has served as an attorney in the private sector and for the federal government. He also started and ran Publius Incorporated, a business focused on improving constituent communications with elected officials. He brings his unique experience with both the



legal and entrepreneurial worlds to CrowdCheck, allowing him to effectively address the needs of startups.

Huiwen Leo, director of Investor Services, is a corporate and securities attorney. She began her career at the World Bank, where she focused on private sector development issues including corporate governance, aid effectiveness, privatization and globalization. She then joined the New York office of Clifford Chance, where she advised on capital markets transactions and corporate matters for companies and major investment banks in Asia, Europe and Latin America. When her husband was based in Camp Pendleton and deploying to Iraq, she relocated to the San Diego office of Latham & Watkins,



where she worked on everything from start-up financing to multi-million dollar deals. She has worked pro bono on microfinance in Haiti, clean tech in San Diego, and military family and veterans issues.

Douglas Piker is currently a researcher for CrowdCheck. He holds a B.A. in history from the College of William and Mary and a J.D. from the Nashville School of Law. Prior to joining the team at CrowdCheck, he worked as a business affairs coordinator at Broadcast Music Inc. in Nashville, TN. He is a member of the Tennessee Bar and currently resides in Durham, NC.



• Joe Whalen is a former government employee who is familiar with the INA. His education is in anthropology with a concentration in archaeology and have both a BA (from SUNY Buffalo) and an MA (from San Francisco State University) in anthropology. He previously worked as an archaeologist for the U.S. Forest Service before becoming an adjudicator with INS which became USCIS. His training in processual archaeology has helped him understand the complexities of the INA. Today, he is an independent consultant who provides highly-individualized training serving regional center principals and their counsel.



• Denise DePaola, CPA, chief executive officer, has over 20 years of experience in public accounting and the alternative investment/financial services arena, with a



particular emphasis on fund administration and business development. As CEO of Fund Administration, she is responsible for the strategic direction of the firm. Her strategic thinking and industry knowledge has been instrumental in providing ongoing advice to fund principals regarding front, middle and back office solutions. She is recognized as an industry expert that continually re-evaluates her strategic initiatives during these ever changing market conditions.

• Nick Neri, director of business development, is responsible for the planning and execution of the company's marketing and develop-



ment strategies. His duties include creative direction, new business management, corporate and product development, and relationship management. He works with fund advisors and hedge fund clients in developing and implementing a variety of portfolio, trading and operational solutions: from point-of-contact assistance through system integration and technology support. He diligently matches their business requirements with Fund Administration servicing capabilities; negotiates fees, and ensuring an effective transfer to the fund servicing team. Using his 20 years of sales experience, Nick has been instrumental in establishing additional business.

ImpactDataSource

• Jerry Walker is an economist and one of Impact DataSource's

principals. Over the past 18 years, he has conducted economic and fiscal impact analyses and cost-benefit studies of a variety of firms, facilities, projects and activities. He has also developed several economic impact analysis computer programs for clients to do their own economic impact analyses of firms, projects, activities and organizations. Jerry also has a background in government accounting and auditing having reviewed federal programs operated by states, local governments, colleges and universities, local education agencies, and nonprofit organizations.



• Paul Scheuren is an economist and one of Impact DataSource's principals. He honed his research skills at Clemson University where he completed several in-depth statistical research projects including a research paper concerning internal U.S. migration presented by his co-author at the North American Regional Science Council annual conference. Prior to joining Impact DataSource, Paul worked as a compensation analyst at the Texas Association of School Boards where he supported compensation consulting projects and helped streamline data analysis for a statewide salary survey.



• Michael Kester is an Impact DataSource economist. His diverse consulting background in healthcare and compensation combined with advanced analytical skills make him a key member of the IDS team. ■



Introducing

EB5Projects.com: The Future of EB-5 Investing

Under Michael Gibson's direction, U.S. Advisors has created EB5Projects.com, which is a central processing place so people can find information on different EB-5 projects.

INVESTORS

Find information on EB-5 Regional Center and Direct (Franchise) projects to determine which one is the best investment for you. Access to independent third-party research and due diligence reports. Eliminate the need for agents and finders by accessing project details and contacting the representatives directly.

PROFESSIONALS

Be able to answer the questions your clients ask you: How many projects are being offered? Who is offering them? Which ones appear to offer the best chance to achieve the immigration and investment goals?

INVESTMENT REPRESENTATIVES

Distribute your project information to a wide network of potential investors their attorneys and advisors without having the expense of travel or hosting seminars. Reduce subscription and administrative costs to investors by issuing directly without the need for an agent or finder.

Powered By

EB5Projects.com is powered by USAdivisors, who are analysts, economists, accountants, statisticians and mathematicians that produce EB-5 Regional Center project comparative analysis reports for foreign national investors based on topics covering job creation methodology, the strategic plan, management, risk factors, risk mitigation, safety, return, exit strategy, escrow and industry overview among many others. We cover news and the Eb-5 community. ■

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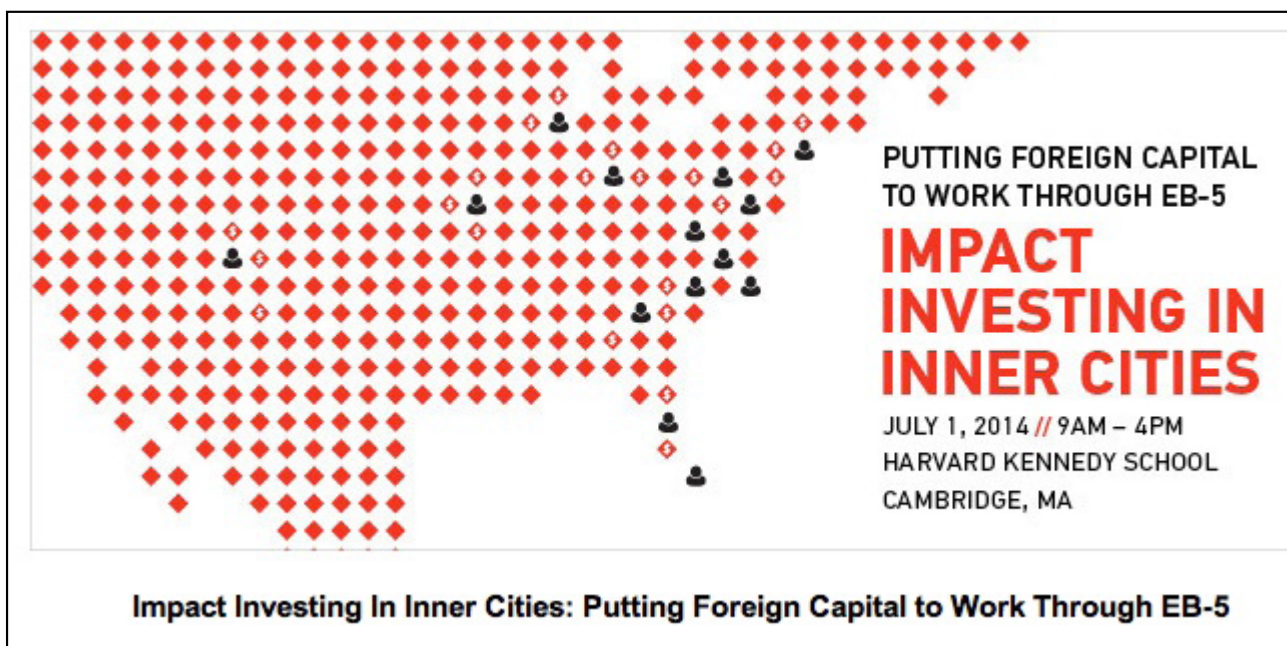
Impact Investing in Inner Cities: Putting Foreign Capital to Work Through EB-5

Initiative for a Competitive Inner City (ICIC) will be hosting a seminar on July 1 at Harvard Kennedy School in Cambridge, Mass. titled "Impact Investing in Inner Cities: Putting Foreign Capital to Work Through EB-5."

The rapid growth of impact investors, those seeking investment opportunities that produce financial and social returns, has renewed interest in investment tools

urban areas it was intended to help. The EB-5 program seems to have been largely overlooked by city governments, economic development corporations, foundations and other organizations actively promoting inner city investment.

The purpose of this convening is to bring together philanthropic leaders, economic development professionals, policymakers and investors to begin a discus-



PUTTING FOREIGN CAPITAL TO WORK THROUGH EB-5
IMPACT INVESTING IN INNER CITIES
JULY 1, 2014 // 9AM - 4PM
HARVARD KENNEDY SCHOOL
CAMBRIDGE, MA

Impact Investing in Inner Cities: Putting Foreign Capital to Work Through EB-5

that may have been overlooked in the past. The EB-5 Immigrant Investor Program is one such example. The EB-5 program was created in 1990 to stimulate economic growth in the U.S. through foreign capital investments. Over the past few years, the program has grown significantly. There are nearly 440 Regional Centers operating across the U.S. and last year alone, the government received nearly 6,300 EB-5 applications.

But the program is underutilized in the distressed

sion about finding the right opportunities to leverage the EB-5 program in America's inner cities. The convening, featuring over 15 experts, will explore the untapped potential of EB-5 as a tool for impact investing in the urban core.

Key takeaways will include:

Five reasons to consider EB-5 for impact investments in inner cities

What challenges are associated with using EB-5
Where EB-5 investments are positively impacting urban communities

What business models can best utilize EB-5

Recommended action items to yield the greatest impact from EB-5 investments

Speakers

Among the featured speakers will be EB5News.com's Managing Director Michael Gibson, a Registered Investment Advisor (CRD # 157403), who also operates USAadvisors.org, a Registered Investment Advisory Firm and the source for news, investment due diligence, risk analysis and information about EB-5 Regional Centers and their investment projects.

Speakers include:

- Peter Joseph, Executive Director, Association to Invest in the USA
- Bill Stenger, President, Jay Peak Resort
- Keith Burwell, President of the Toledo Community Foundation
- Christopher Kui, Executive Director, Asian Americans for Equality
- Gabriel Hidalgo, Managing Director, Civitas Capital Group
- David Ehrenberg, President & CEO, Brooklyn Navy Yard Development Corp.
- Matt Gordon, Managing Director, Hussar & Co., E3 Investment Group
- Michael Gibson, Managing Director, USAadvisors.org

July 1, 2014
9:00 a.m. - 4:00 p.m.
Harvard Kennedy School
Taubman Building, 5th Floor
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Founded in 1994 by Harvard Business School Professor Michael Porter, the Initiative for a Competitive Inner City is a nonprofit research and strategy organization and the leading authority on U.S. inner city economies and the businesses

that thrive there. ■

Increasing Economic
Opportunity In Distressed
Urban Communities
With EB-5



India's Foreign Exchange Investment Limits Increased

As the rupee stabilizes, the Reserve Bank of India has relaxed some of the foreign exchange-related restrictions such as the individual overseas remittance limit.

Instead of the \$75,000 year limit introduced last year, which was a reduction from \$200,000, the limit has been increased to \$125,000. The overseas remittance limit comes under the liberalised remittance scheme (LRS). This is good news for the EB-5 Immigrant Visa Program.

An article in The Times of India also states that this stability of the rupee has

"encouraged the central bank to open exchange traded currency derivatives for foreign institutional investors. "With a view to improving the depth and liquidity in the

domestic foreign exchange market, it has been decided to allow foreign portfolio investors to participate in the domestic exchange traded currency derivatives market to the extent of their underlying exposures plus an additional US\$ 10 million. Furthermore, it has also been decided to allow domestic entities similar access to the exchange traded currency derivatives market." RBI said.

India's current account deficit narrowed to 1.7 per cent of GDP in 2013-14 from a record \$88.2 billion, or 4.8 per cent of GDP, in 2012-13. ■

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Indians can now remit up to \$1.25 lakh overseas

Mayur Shetty,TNN | Jun 3, 2014, 01:20 PM IST

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A strong rupee has emboldened Reserve Bank of India to relax some of the foreign exchange related

MUMBAI: A strong rupee has emboldened Reserve Bank of India to relax some of the foreign exchange related restrictions including the individual overseas remittance limit of \$75000 per year which has been hiked to \$125000.

The central bank has also allowed foreign institutional investors to hedge upto 110% of their investments using exchange traded currency derivatives and has promised to allow domestic entities the same flexibility.

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Reps. Schock, Gabbard Introduce Plan to Permanently Extend EB-5 Visa Program

Congressman Aaron Schock (IL-18) and Congresswoman Tulsi Gabbard (HI-02) formally announced bipartisan legislation on May 14, 2014 that permanently extends the popular EB-5 visa program for immigrant investors and eliminates the current program's outdated country caps. The bill, H.R. 4659, was introduced the day before in the House of Representatives and was referred to the House Committee on the Judiciary for action.

"Right now, more than anything, the U.S. economy needs good-paying jobs and investment capital to build the companies that create them. The EB-5 regional center program accomplishes both goals by attracting qualified foreign investors and establishing measurable goals for job creation," Rep. Schock said of the bill. "Repeatedly, EB-5 program extensions have received overwhelming bipartisan support. This much-needed legislation underscores the importance of an incremental approach to immigration reform as Congress seeks common ground to address our nation's broken system."

The EB-5 visa category was initially created as a pilot program under the Immigration Act of 1990. Current law allows for as many as 10,000 annual admissions and requires a minimum \$1 million investment per visa. If the investment is made in a high unemployment or rural area, however, the investment threshold can be lowered to \$500,000. The program has been extended twice in the last five years, with the House voting 412-3 in 2012 in the 112th Congress to extend the program until Sept. 30, 2015.

"When I hear from people in Hawai'i, the most important issue they bring up, by far, is that we need to revitalize and strengthen our economy. By introducing the EB-5 Act, we can leverage funds and

capital from overseas in our communities by encouraging foreign investors to create and support jobs in every sector of our economy, particularly in rural areas or those with high unemployment," Rep. Gabbard noted in the bill's announcement. "Between 2005-2013, for example, \$6.5 billion was invested in projects around the country, supporting 131,000 American jobs. In Hawai'i, our business owners and job-seekers have the potential to benefit greatly from our proximity to investors in the Asia-Pacific region who want to expand to the U.S. market. As a founding co-chair of the Congressional Future Caucus, I am proud to introduce this bipartisan legislation with my friend and colleague Congressman Aaron Schock. Together, we are working to identify practical, creative, and long-term solutions to the challenges we face in our communities and across the country."

According to the most recent reports, the EB-5 visa program contributed \$3.4 billion to U.S. gross domestic product (GDP) in 2012, supported 42,000 U.S. jobs and generated \$712 million in federal, state and local tax revenues. Presently, there are more than 6,000 pending



Reps. Aaron Schock and Tulsi Gabbard discuss the Future Caucus on MSNBC's Morning Joe



Reps. Tulsi Gabbard and Aaron Schock

develop long-term policy solutions that meet the challenges of America's future. By fostering a bipartisan community of Members of Congress who are dedicated to pragmatic leadership and issue-oriented results, the Future Caucus provides a platform to re-engage young people across the country with their government and our nation's democratic institutions. ■

EB-5 investor applications that would support 60,000 U.S. jobs under the program, with many of them in high unemployment states. Presently, the State of Illinois has the 3rd highest unemployment in the nation at 8.4 percent.

Reps. Schock and Gabbard are co-founders of the Congressional Future Caucus, a bipartisan working group of next generational lawmakers who seek to

Facts about the EB-5 visa program in the State of Illinois:

- 2,408 jobs presently supported
- \$22 million in investment presently deployed
- \$186,495,303 contributed to the GDP
- \$25.7 million generated in federal tax revenue
- \$12.3 million in state and local tax revenue

Same-Sex Couples Qualifying for EB-5 Visas

In June of 2013, the U.S. Supreme Court in U.S. v. Windsor¹ found that Section 3 of the Defense of Marriage Act (DOMA)² was unconstitutional. This section of DOMA defined a legal marriage as between a man and a woman which in turn precluded the federal government from recognizing any same-sex marriages for benefits of federal laws or programs, including but not limited to immigration-related benefits.



by Lauren Cohen, Esq.

Subsequent to the Court's decision, President Obama requested that all federal departments take the necessary steps to ensure that same-sex legally married couples receive federal benefits that are consistent with the result of this landmark decision. Thereafter, then Secretary of Homeland Security, Janet Napolitan, informed USCIS that they were obligated to review visa applications filed on behalf of a same-sex spouse in the same manner as those filed on behalf of an opposite-sex spouse. This U.S. Supreme Court case could

thus effectively have a substantial impact on the granting of EB-5 visas to same-sex couples in the U.S., but at this time there is no significant data available to determine how much of an impact this case has had.

There are many countries that have legalized same-sex marriages. These countries include the Netherlands, Belgium, Spain, Canada, South Africa, Norway, Sweden, Portugal, Iceland, Argentina, Denmark, France, Brazil, Uruguay, New Zealand, and Britain.³ Even if a couple does not reside in a country that permits same-sex marriages, there is still a chance to apply for an EB-5 visa in the U.S. If the couple gets married in a state or country that does recognize same-sex marriages as long as they permit non-residents to legally marry in the country, then this will also qualify as a lawful marriage. Additionally, stepchildren of same-sex marriages can qualify as beneficiaries or for derivative status.⁴

Unfortunately, civil unions and other domestic partnerships, although recognized in some countries, are not recognized as legal marriages for purposes of EB-5 visa qualification. However, an unmarried same-sex partner could apply for a B-2 visa, which is appropriate when traveling to the U.S. for tourism, amusement, visits with friends or family, rest, or medical treatment.⁵

With the fall of DOMA, U.S. embassies and consulates are now adjudicating visa applications based on same-sex marriage the same way that applications for opposite gender spouses have been processed. Although specific data has yet to be published, it is certain that such a landmark decision in U.S. v. Windsor will have an impact. ■

Lauren A. Cohen, Esq., is founder of www.ecouncilinc.com, which focuses on designing professional business plans for all types of business visas, with a special focus on EB-5 projects for direct investments and regional centers.



Edie Windsor and Thea Spyer



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by PHIL COHEN
Esquire

I often get calls from people who are new to EB-5 trying to understand the process and the details of starting an EB-5 regional center or project.

While the idea of calling around to industry experts appears to be commonplace, it may answer your first questions but there are so many details and subtleties to the program that inevitably, these new EB-5-ers end up with more questions than when they started.

This is common and it speaks to the complexity of the program and how the rules shift for every specific situation. People often think they can save some money by trying to call as many experts as they can before getting started and maybe they can, but what you end up with is a hodgepodge of information, combined with a lot of opinions from experts (and not-so experts).

It is for this reason that I always suggest to EB-5 newbies that they consider speaking to all-in-one service providers, who can bring the right set of seasoned experts to the table and spearhead the process of managing all the moving parts. Ultimately, while the initial price tag may seem higher, the all-in-one

Why Use All-in-One Service Providers to Start EB-5 Regional Centers?



shops can identify problems and questions to be addressed, sooner rather than later. They are also familiar with what is not available to most: the basis of various RFEs (requests for further evidence) from USCIS, from a long experience and history of researching what has occurred with other regional centers.

The cost to your overall development of getting an RFE or not getting it right the first time can far outweigh the cost savings one might get from trying to manage the project yourself. A good, all-in-one shop will save most people considerable time and money in the long run, and will help put together an EB-5 project that not only has strongly reduced chances of getting an RFE, but which can often avoid errors and subtle issues that can hold up an entire project.

The other key benefit of using an all-in-one shop is that they have a good

view into the investor side of things as well, so not only will they help to devise a project with the strongest likelihood of approval, but they can also ensure that it is structured in such a way as to be easily 'sellable' to investors. The fringe benefit is about 1,000 less headaches as well. ■

Phil Cohen is the founder and president of Strategic Element, a company that focuses on developing regional centers, EB-5 business plans and custom 'direct' EB-5 projects for its clients.

“...the all-in-one shops can identify problems and questions to be addressed, sooner rather than later.”

EB-5 Visas Bring Chinese Developers to NYC

A May 17 article in

The Real Deal, which focuses on New York real estate news, titled “Surge in visas issued to Chinese lures developers to NYC,” summarizes the recent activity of major real estate development players thanks to the EB-5 Immigrant Visa Program. EB-5 visas were issued to 6,895 Chinese investors in 2013, which is up from less than 2,500 in 2011. Eighty percent of the recipients of

the EB-5 visas were from China.

The article states:

“The influx is having a dramatic impact on the real estate market in New York City, as well as other major metropolitan areas like San Francisco. According to *Forbes*, an independent poll of Manhattan real estate brokers showed that Chinese investors are now the No. 1 foreign buyers of property in New York, a position that previously belonged to investors from Russia.”

All this money coming from China has stirred interest from Chinese companies.

In New York City, Chinese investors are involved with a variety of large scale projects. Greenland Holdings bought

a 70 percent stake in the Atlantic Yards project. Shanghai-based Fosun Group purchases One Chase Manhattan Plaza late last year and is looking to invest in more properties. And China's largest developer, China Vanke, broke ground on a 61-story residential skyscraper in Manhattan earlier this year. The company bought the property together with two American partners and a Chinese investment fund, according to *Forbes*. The project seemed to have been particularly interesting for the investor, because of the options of selling the condos to wealthy clients in China.” ■

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Surge in visas issued to Chinese lures developers to NYC

Money from the People's Republic seen spurring investments

May 13, 2014 05:00PM

In a trend that can be seen both locally and nationally, wealthy citizens in China are receiving the vast majority of investor visas from the U.S. government.

About 80 percent of the recipients of the visas under the EB-5 program are from China. That program allows foreign nationals to receive residency status after they invest \$1 million, or \$500,000 in an area with high unemployment. The number of U.S. visas issued to Chinese investors in this program reached 6,895 in



From left: China Vanke CEO Yu Liang and Fosun chair Guo Guangchang

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the dark
about which
investments
are in the
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