

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

SEPT/OCT 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 USAvisors, 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.

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EDITOR'S LETTER

by KRIS STELL
Managing Editor



This issue of EB-5 News has two successful projects funded by EB-5 investors. Florida Organic Aquaculture in Fellsmere is managed by Mirzam Investor Green Card, LLC and offers sustainably grown, all natural environmentally beneficial seafood. They raised \$16 million for the project, and are now in phase two. The second project is a Homewood Suites in East Point, Ga., near the Atlanta airport, managed by American Life, Inc. Specialists in real estate development and EB-5 investments, this was a \$15 million project that has no mortgage, so all the investors benefit from principal preservation, monthly profit distribution and property appreciation.

South Dakota's former governor Mike Rounds is currently running for the state senate, but is being surrounded by EB-5 controversy because of that state's failed EB-5 program. We outline the situation starting on page 7. Additionally, a California attorney, his wife and partner are being sued in a coordinated criminal and civil action by the SEC and the FBI for \$47M fraud via the EB-5 Immigrant Investor Program (page 12).

We round out the issue with a Migration Policy Institute report showing the trend in immigrant investor programs worldwide, a Barclays global survey which shows where the world's rich will be migrating to, and how Russian wealth has permeated the upper reaches of society in Britain through their immigrant program.

Kris Stell
Managing Editor
EB-5 News



by KRIS STELL
Managing Editor

Florida Organic Aquaculture Project Funded by EB-5



An entrepreneur that came to the U.S. from South Africa for better opportunities, Clifford Morris was looking for industries with economic potential and identified the future trend of sustainable food production, but he needed funding. He turned to EB-5 and Morris is now founder and president of Mirzam Investor Green Card, LLC, which received its EB-5 Regional Center designation from USCIS in July 2010.

Morris and his team secured \$1.3 million worth of seed capital for their RC between 2008-2010, and began marketing for their EB-5 project in 2011.

The first project was the development of Florida Organic Aquaculture. This Fellsmere, Fla. facility offers sustainably grown, all natural environmentally beneficial seafood. Currently, the company serves South Florida and

has the motto, "If they aren't good enough for our family, they aren't good enough for yours." (Go here for a video introduction on the project from Morris.)

About FOA

As a lifelong entrepreneur, Morris, who has over 30 years of experience in private wealth management, has traveled the world and seen for himself the devastating effects of short-term, environmentally harmful agriculture and aquaculture practices. A



Cliff Morris - President, Mirzam Investor Green Card LLC.

native of South Africa, Morris has long been interested in developing sustainable alternatives that will positively benefit our global health and future generations for years to come.

Morris' system differs from traditional aquaculture. The shrimp are grown in a high density, enclosed, concentrated, temperature-controlled system (think an Olympic-sized swimming pool) in a bacteria culture called biofloc that's rich with nutrients and energy. Only a handful of farms in the U.S. currently produce shrimp using modern recirculating water systems, and FOA is one of them. Morris reports high demand for the product, which is fresh, never frozen, born in the USA, and all natural (no additives or chemicals).

The facility's official ribbon cutting ceremony was in April 2014, and since then, says John Billian, vice president of business development for FOA, "Business has been going great! We have been selling to distributors, restaurants, as well as direct to the public and the feedback we have received has been outstanding! We never get tired of hearing 'this is the best shrimp I've ever eaten.' From a business perspective, the margins are rather healthy as well."



Florida Organic Aquaculture grows its shrimp in a high-density, enclosed, concentrated, temperature-controlled system; one of the few in the country.

To help introduce the "Happy Healthy Shrimp" to the public, FOA sells the shrimp live on Saturdays at a local market in Fellsmere from 9 a.m. to 2 p.m. They are usually sold out before 11 a.m.

On Board with EB-5

Mirzam raised \$16 million for the Florida Organic Aquaculture project. Due to this success, they are now launching a second phase and are working to raise an



A ground breaking ceremony followed by a ribbon cutting in April. The second phase is currently under construction.

continues next page

additional \$10 million in EB-5 capital. The second capital raise will be for additional production buildings.

"We already have the funding in place for the hatchery and nursery, which are currently under construction," said Billian.

"The bulk of our EB-5 investors are from China and Venezuela. In addition, we have some investors from Peru, South Africa, and Argentina," explained Billian.

FOA also received support from local and city governments in Fellsmere, where Mirzam is acknowledged for bringing a lot of good credibility to the EB-5 program and as having successful role in the economic development of Indian River County.

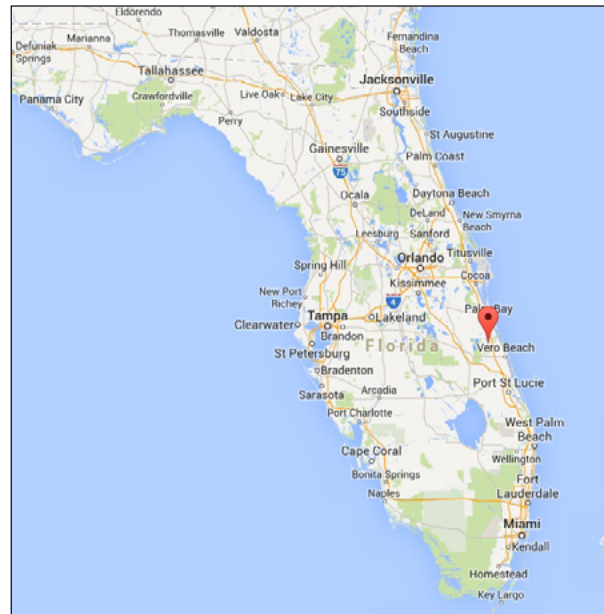
Welcome To Florida

In this welcome to Florida video from Florida Governor Rick Scott, FOA is congratulated on creating 50 new jobs for the area, a necessity for the EB-5 Immigrant Visa Program. So what's the status of the FOA investors?



526s and we will be submitting our first I-829 within the next four weeks," said Billian.

Also in place is a repayment plan, where the investors will receive their funds back in three to five years from the receipt of their permanent green card. ■



The facility is located on Florida's East Coast.



Politics and the South Dakota EB-5 Investigation

Former South Dakota Governor Mike Rounds (R) is running for state senate. Governor from 2003 to 2011, Rounds has been linked to the failure of South Dakota's EB-5 Immigrant Investor Program, and this involvement has put the possibility of election in jeopardy.

This from the *Washington Post* article 'Why an immigration investment scandal threatens to derail GOP's Senator majority hopes' – "The battle for the Senate majority could wind up turning on a complex immigration investment scandal that sounds like the plot of a Coen Brothers film."

Long heavily favored to win his state's open Senate seat, Rounds has been plagued by questions about the state's EB-5 program that operated problematically when he was governor. This controversy has overshadowed his campaign, opening the door for his opponents, Democrat Rick Weiland and independent Larry Pressler.

Republicans need to gain six seats for the Senate majority. An upset win by Weiland or Pressler, a former GOP senator who supported President Obama in 2008 and 2012 and has not said which party he would caucus with in the Senate, could short-circuit the Republican push to take control of the chamber.

A well-funded Democratic campaign to draw more attention to the saga has dubbed the controversy Rounds's "Citizenship for sale scheme," and has Rounds publicly insisting he's done nothing wrong, while the investigation into the alleged money funneling





Here's a YouTube clip with Rounds. He has attempted to distance himself from EB-5.



Here's the Democratic ad of Rounds and the controversy focused on Northern Beef Packers, which was funded by EB-5 and declared bankruptcy in 2013.



The National Republican Senatorial Committee has launched a campaign on behalf of Rounds.

continued. Democrats have sought to link Rounds to the state officials who oversaw EB-5.

Meanwhile, Democrat Rick Weiland is saying he would repeal the EB-5 program if elected on the basis that no one should be able to buy their way into the country.

Now the National Republican Senatorial Committee is hitting back. Rounds has started airing ads in recent days distinguishing himself from his two opponents, whom he links to President Obama and his policies. He also recently released another ad defending himself on EB-5.

The Issue & Investigation

From 2004 to 2009, South Dakota ran its EB-5 program out of a state agency, the South Dakota International Business Institute, based out of Northern State University and funded by the Governor's Office of Economic Development. That agency's director was Joop Bollen, and by the end, he was spending most or all of his time recruiting EB-5 investors.

For the final two years, a private company, SDRC Inc., assisted the International Business Institute with running the EB-5 program. Bollen signed the contract with SDRC Inc. without disclosing that he himself had founded the company a few days before. State officials say Bollen was not given permission to enter into a contract with SDRC Inc.

In December 2009, then-economic development secretary Richard Benda signed a contract with SDRC to take over the state's EB-5 program entirely. That same day, Bollen resigned his state position. The switch was proposed by Benda after the NSU president suggested EB-5 wasn't a good fit at the university.

SDRC didn't take investments itself. Instead, Bollen created at least 14 different "South Dakota Investment Funds" — with each fund bundling together a handful of immigrants' \$500,000 investments. Those funds invested in particular projects — after SDRC had skimmed \$5,000 per investor off the top, and charged subsequent annual fees, details an Oct. 23 article in Vox.



The Vox article explains that at the end of 2010, when Gov. Rounds and his administration left office, that state

secretary for tourism and economic development, Richard Benda, also went to work for SDRC — monitoring South Dakota's largest, highest-visibility project of all, a beef-packing plant called Northern Beef. Northern Beef got \$100 million in investment from EB-5 visa holders.

After Benda agreed to take a job "monitoring" Northern Beef, but before he actually left his position in state government, he arranged for the state of South Dakota to give Northern Beef a \$600,000 loan. In October 2012, the Northern Beef plant slaughtered its first cows; nine months later, the plant was bankrupt. An epic failure.

Rounds, as governor, signed off on the \$600,000 loan that his cabinet secretary Benda arranged. The question is whether Rounds knew, when he signed off on the loan to Northern Beef, that Benda was



USAdvisors / EB5News.com's Michael Gibson, left, interviewing Joop Bollen in 2008.

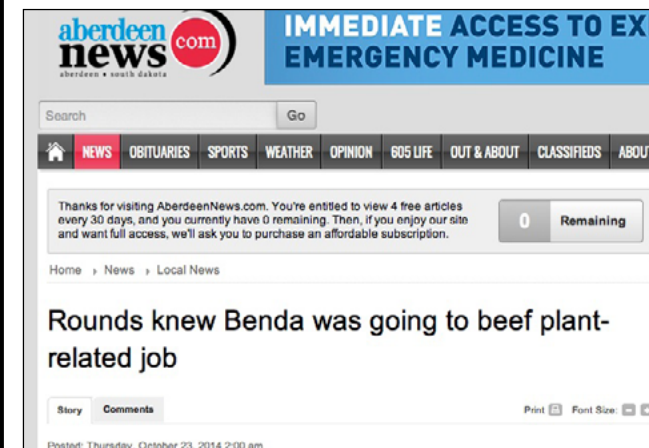
Beef to pay his own loan monitoring fees. At the time of his death, Benda was maintaining his innocence. (Here for the entire outline.)

Rounds' Involvement

Rounds' involvement in EB-5 as an economic development tool came to light in the year after Benda's death. Rounds has repeatedly said that the EB-5 program operated under the state Board of Regents at Northern State University by Joop Bollen, director for the South Dakota International Business Institute, and that he played no part in its management. He claims that this focus on EB-5 is all a ploy by his opponents to divert focus away from real issues in South Dakota.

Bollen requested and received a series of expansions for EB-5 use in South Dakota. They paralleled Rounds' economic development agenda starting in 2006. Among the projects were the beef plant in Aberdeen, a turkey processing plant in Huron, a Deadwood casino, and electricity generation facilities in Day and Brookings counties, states an article on AberdeenNews.com.

A Sept. 23 article in the paper *Public Opinion* reports



going to work for its investors, states Vox.

"My staff told me that when he was leaving state government, he was going to work for an investor in the beef plant," said Rounds. Benda didn't identify which investor he would be working for, and Rounds said he didn't prod Benda further, reports this piece.

State Attorney General Marty Jackley scheduled a grand jury for last October in connection to the \$550,000 diversion. Before the grand jury could meet, Benda killed himself. A draft indictment prepared by Attorney General Marty Jackley accused Benda of diverting a \$550,000 state grant from Northern



that Rounds said Richard Benda was the only state government official who acted illegally in the EB-5 foreign investment program established during his administration and that the investigation found no evidence of involvement from additional state officials.

Rounds also answered that he wasn't involved in the "specific transactional details" of the contract agreement reached between Benda and Bollen in 2009 for SDRC. The five-year contract gave SDRC private management and administrative control of the EB-5 program for state government. Gov. Dennis Daugaard terminated the SDRC Inc. contract on Sept. 19, 2013, after privately learning results of a state investigation into Benda's activities.

The former governor reiterated that he was not aware during his tenure of a lawsuit the state was litigating in connection with Joop Bollen's EB-5-related business dealings through his company, SDRC Inc. Rounds also offered his continued support of EB-5 programs in South Dakota going forward, telling the Aberdeen News in this article that he hopes the state will continue to utilize the EB-5 cash-for-citizenship program.

An article in the *Rapid City Journal* on Oct. 2 states a document contradicts Rounds' testimony. Rounds sent a letter to state Sen. Larry Tidemann, the chairman of the Legislature's Operations and Audit Committee. In the letter, Rounds seeks permission to amend one of his earlier written responses to the committee's questions about state involvement in the federal EB-5 immigrant-investor program.



In answers sent to legislators, Rounds wrote that "the governor's office was not served" with papers regarding an EB-5 related lawsuit against the state. The Rapid City Journal was given a document indicating Rounds' office had in fact been served with EB-5 litigation papers in July 2009. The newspaper published a Thursday story in which a spokesman for Rounds said the former governor had never seen the document and was not aware the office had been served.

"It has come to our attention that the governor's office was indeed secondarily notified of the Board of Regent's petition order," reads Rounds' proposed amended response, in part. "An assistant in the governor's office had received the notification. As a clerical function, we assume the document was simply forwarded to the Board of Regents, the attorney general's office or the general counsel."

Nine Years Ago

An Oct. 11 AberdeenNews.com article is about a recently surfaced letter from nine years ago showing Rounds recruited foreign investors for dairy projects in South Dakota. The July 2005 letter is on state government stationery and bears the signature of Rounds. The document directly connects Rounds, as governor, to the federal EB-5 program. Rob Skjonsberg, Rounds' chief of staff in 2005, commented that he didn't recall the letter, and that it looks like collateral material for a pamphlet, most likely from the state Department of Agriculture or the Department of Tourism and State Development.

No Transparency

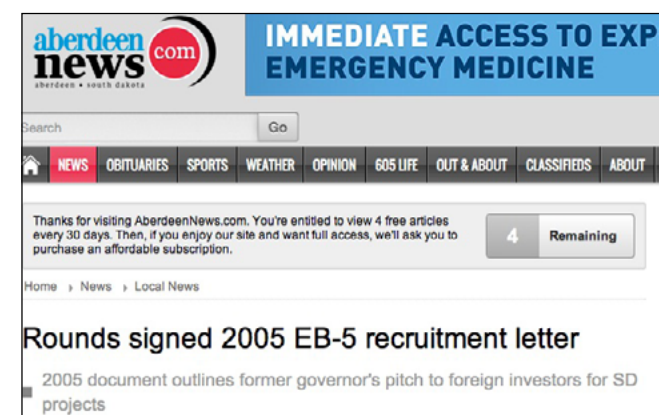
Other than a deposition given in April 2014, Joop Bol-

len has repeatedly declined to publicly answer questions about the EB-5 operation since current Gov. Dennis Daugaard terminated the SDRC Inc. contract, reports AberdeenNews.com in an article on Bollen's deposition. The South Dakota Board of Regents is continuing to refuse to release the legal deposition by SDRC Inc. director Bollen, as lawsuits are still pending.

However, *American News* reporter Bob Mercer obtained a copy of the Bollen deposition from Darley International President Robert Stratmore. Darley is one of the companies that was involved in the lawsuit. It explains how the EB-5 program within the state became privatized.

EB-5's Future

In 2013, the federal government began aggressively cleaning up the EB-5 program. Former head of US Citizenship and Immigration Services, Alejandro Mayorkas, took "extraordinary steps" to tighten oversight of the program and streamline the application processes for both immigrants and regional centers. The executives running regional centers are now subjected to background checks, just like the immigrant investors they're recruiting. And the agency has hired securities experts who can actually judge whether a business plan is legitimate, and whether it's likely to create American jobs. ■



by KRIS STELL
Managing Editor

EB-5 Attorneys Charged with \$47M in Securities Fraud by SEC and FBI

A Los Angeles, CA immigration attorney, his wife, law firm partner, and five companies they are invested in are being sued, in a coordinated criminal and civil action, by the Securities and Exchange Commission (SEC) and the Federal Bureau of Investigation for fraud via the EB-5 Immigrant Investor Program.

The Charges

The SEC's civil case alleges that Justin Moongyu Lee along with Rebecca Taewon Lee and Thomas Edward Kent raised nearly \$11.5 million from two dozen investors seeking to participate in the EB-5 program, which provides immigrants an opportunity to apply for U.S. residency by investing in a domestic project to create jobs for U.S. workers. The project promoted by the group was an ethanol production plant that would be built and operated in Ulysses, Kansas. However, investors' money was misappropriated for other uses instead of the ethanol plant project. The plant was never built and the promised jobs never created, yet the Lees and Kent continued to misrepresent to investors that the project was ongoing and concealed their failure to generate the jobs required by the EB-5 program by submitting false documents to the USCIS (United States Citizenship & Immigration Services).

According to the report of the indictment by the Los Angeles Division of the FBI, a federal grand jury in Santa Ana returned a nine-count indictment that alleges Lee took approximately \$47 million from 94 foreign investors. The indictment alleges that Lee used advertisements in foreign newspapers and other means to solicit Korean and Chinese nationals to invest \$500,000 each, plus another \$40,000 for administrative and legal fees. Lee guaranteed small annual returns on the investments, as well as "green cards" for the foreign nationals. But, according to the indictment, Lee did not make the investments in purported biofuel production facilities and he submitted bogus paperwork to U.S. Citizenship and Immigration Services, which administers the EB-5 program. The ethanol plant was never built and the promised jobs were never created, and the foreign nationals lost

THE FBI FEDERAL BUREAU OF INVESTIGATION

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Los Angeles Division

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SoCal Immigration Attorney Charged in Indictment and Civil Lawsuit with Defrauding Foreign Investors Seeking 'Green Cards'

U.S. Attorney's Office
September 03, 2014

Central District of California
(213) 894-2434

LOS ANGELES—In coordinated criminal and civil actions filed today, federal prosecutors obtained an indictment and the Securities and Exchange Commission filed a civil complaint against a Los Angeles-based immigration attorney who allegedly ran an investment scheme that defrauded foreign investors seeking permanent residency status in the United States through the EB-5 Immigrant Investor Program.

their opportunity to obtain permanent residency. The Lees allegedly misused several million dollars raised from the ethanol plant investors for other purposes, such as financing an iron ore project in the Philippines, an allegation that is mirrored in the indictment.

Also sued are Justin Lee's companies American Immigrant Investment Fund I, LLC; Biofuel Venture IV, LLC; Biofuel Venture V, LLC; Nexland Inc. dba Nexland Investment Group; and Nexsun Ethanol, LLC.

The Project & Players

The plot gets thick. The California Secretary of State lists Lee as the primary contact for the American Immigrant Investment Fund, where the Chinese nationals' money was initially transferred. A 2007 letter from USCIS names Lee as president of the Kansas Biofuel Regional Center, through which he promoted his EB-5 ventures. Finally, Nexsun's own website lists Lee as the chairman and founder of the biofuel company.

Justin Lee and Kent applied to the U.S. Citizenship and Immigration Services (USCIS) in 2006 for designation as a "regional center" under the EB-5 program. They claimed there would be "substantial economic benefit" and "thousands" of new jobs for this area in southwest Kansas as a result of the ethanol plant. However, by mid-2008, construction of the plant at the site was no longer economically feasible, and the Lees and Kent concealed their failure to generate the jobs required by the EB-5 program by submitting false documents to the USCIS.

They also continued to mislead investors that the proceeds from their investment were being used for the plant and even ran investor seminars in Los Angeles with the ethanol plant as the main part of the presentation even though all construction had halted. In particular, the business plan updated in June 2010 and distributed to investors falsely represented that construction was "ongoing" and the plant would be in operation before

California Secretary of State Debra Bowen

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Business Entity Detail

Data is updated to the California Business Search on Wednesday and Saturday morning to **Processing Times** for the received dates of filings currently being processed. The

Entity Name:	AMERICAN IMMIGRANT INVESTMENT FUND, INC.
Entity Number:	C3261810
Date Filed:	11/25/2009
Status:	ACTIVE
Jurisdiction:	CALIFORNIA
Entity Address:	3250 WILSHIRE BLVD SUITE 1404
Entity City, State, Zip:	LOS ANGELES CA 90010
Agent for Service of Process:	JUSTIN M LEE
Agent Address:	3250 WILSHIRE BLVD SUITE 1404
Agent City, State, Zip:	LOS ANGELES CA 90010

U.S. Department of Homeland Security
20 Massachusetts Avenue, NW
Washington, DC 20529

U.S. Citizenship and Immigration Services
SCOPS 70/6.2.8

APR 17 2007

Justin M. Lee, President and CEO
Kansas Biofuel Regional Center, LLC
3250 Wilshire Blvd, Suite #1700
Los Angeles, CA 90010

Re: USCIS Approval of the Proposal of Kansas Biofuel Regional Center, LLC (KBRC) seeking designation as a Regional Center under the Immigrant Investor Pilot Program.

Pursuant to Section 610 of the Appropriations Act of 1993, the Kansas Biofuel Regional Center, LLC (KBRC) is approved and designated by USCIS. The purpose of the KBRC is to attract immigrant investor capital that is to be pooled in limited liability corporations (LLCs) that will promote economic growth through investments that focus on the development and operation of fuel grade ethanol production facilities within twenty-one (21) counties located in the southwest region of the State of Kansas. These are the Kansas counties of Clark, Finney, Ford, Grant, Gray, Greeley, Hamilton, Haskell, Hodgeman, Kearney, Lane, Mcade, Morton, Ness, Scott, Seward, Sherman, Stanton, Stevens, Wallace and Wichita.

November 2011.

"There is an obvious and stark conflict of interest in this case. Mr. Lee and Mr. Kent are EB-5 lawyers who had made direct selling efforts to solicit investors on U.S. soil. They are EB-5 lawyers who represented the investor. They are also the owners of a regional center and project owners who raised capital from the same group of investors they represented. As project owners, they participated primarily in marketing activities on US soil," said Yi Song of Mona Shah & Associates, an experienced EB-5 attorney. (See her article on this fraud case on our sister site, EB-5info.)

continues next page

Prior Allegations

The story of the ethanol plant, to be built by Lee's company Nexsun Ethanol LLC, began in 2007. According to a 2013 article in Kansas Watchdog.org <http://watchdog.org/85348/kansas-town-feels-duped-by-ethanol-plant-deal/> the 6,000 residents of Ulysses' high hopes of 50 good-paying jobs had long since vanished as the project came to a halt in just over a year of major promises.

In February 2013, the State Bar of California (SBC) had filed disciplinary charges against Justin Lee for his role in the ethanol plant, alleging he misappropriated more than \$500,000 from a pair of Chinese nationals. According to the SBC, Lee traveled to Asia in 2009 and 2010—two years after breaking ground on the Ulysses plant—to seek out foreign nationals interested in permanent residency in the United States.

A Chinese couple paid Lee to help them through the EB-5 program to secure U.S. residency for themselves and their child. But before their petition was approved, the SBC says, Lee allegedly transferred the couple's money to Nexsun and spent it between Aug. 18 and Dec. 31, 2010. The Chinese nationals brought a lawsuit against Lee in 2012, and although they settled for \$550,000, Lee ended up paying only \$300,000, according to the SBC.

Along with the investors, the town of Ulysses has been duped. In the Kansas Watchdog.org article, County Commissioner Marty Long said, "Nexsun initially poured about \$1 million into the location on the western edge of Ulysses, mainly on railroad improvements on the site," Long said. "Who would spend a million on a project and quit?" Today the site is a ghost town.

Nexsun did open an herbal pill manufacturing and distribution business in town and also secured a contract to repair the roof of a local building, none of which has anything to do with an ethanol plant that would provide EB-5 investors with their visas.

Lee is currently in custody in South Korea on charges related to this alleged scheme. South Korea is not obligated to extradite their own citizens to the U.S. for prosecution. Each of the nine wire fraud charges in the indictment car-

THE STATE BAR OF CALIFORNIA

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CONSUMER ALERT

The State Bar of California has filed disciplinary charges against this attorney alleging that the attorney engaged in a major misappropriation of client funds. You may read the Notice of Disciplinary Charges filed by the State Bar against the attorney, and any reply filed by the attorney. You may also learn more about the general nature of misappropriation of client funds.

DISCLAIMER: Any Notice of Disciplinary Charges filed by the State Bar contains only allegations of professional misconduct. The attorney is presumed to be innocent of any misconduct warranting discipline until the charges have been proven.

Justin Moongyu Lee - #187507

Current Status: Not eligible to practice law (Not Entitled)

KansasWatchdog.org

HOME STATES NATIONAL NEWS OPINION RADIO CITIZEN NEWS

Kansas town feels 'duped' by ethanol plant deal

By Travis Perry / May 20, 2013 / No Comments

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By Travis Perry | Kansas Watchdog

OSAWATOMIE — In 2007, the 6,000 residents of Ulysses, Kan., were given big promises and high hopes with the [proposal of a second major ethanol processing plant](#) in the southwest corner of the state.

The facility, to be built by **Nexsun Ethanol LLC**, brought with it a commitment to the economic future of the community and the promise of 50 good-paying jobs.

ries a statutory maximum penalty of 20 years in federal prison.

Prior Indications of Instability

A 2010 article in Hutchnews.com covered the trials and tribulations of Kent, Lee and their EB-5 investments going back to 2005. In the article, Michael Gibson, a registered investment advisor who performs due diligence on EB-5 projects through EB-5 News' parent company USAdvisors, advised against going with biofuel projects and raised concerns about this particular company.

"Two years ago (2008), his company visited every approved regional center to "do due diligence" and create a portfolio for investors. Lee & Kent was the only company unwilling to meet with him, Gibson said, even after he showed up outside their LA offices," explains the article.

"We've been trying for two years to engage them," he said. "The message I want your readers to take away is that this is a good program in 22 states. It has brought in billions of dollars in investments to projects that would never have obtained investment in the first place. But there are bad operations out there." ■

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Attorney for Respondent,
JUSTIN M. LEE

FILED
MAR 04 2013
STATE BAR COURT
CLERK'S OFFICE
LOS ANGELES

STATE BAR COURT
HEARING DEPARTMENT - LOS ANGELES

In the Matter of

JUSTIN MOONGYU LEE,
No. 187507,

A Member of the State Bar.

Case No. 12-O-14642

RESPONSE OF JUSTIN MOONGYU LEE
TO THE NOTICE OF DISCIPLINARY
CHARGES

TO THE COURT, ALL INTERESTED PARTIES HEREIN, AND THEIR ATTORNEYS
OF RECORD:

Respondent, Justin Moongyu Lee ("Respondent"), hereby submits his Response ("Response") to the Notice of Disciplinary Charges ("Charges") filed by the State Bar Court against him in Case Number 12-O-14642. The Respondent asserts his rights to have the information, evidence, and witnesses of this proceeding and its documents to be privileged to the extent set forth in Code of Civil Procedure Sections 6086.1 and 6094 and under California law.

THE KOREA TIMES

NEWS PEOPLE SPORTS KOREATOWN ENTERTAINMENT

Home > Koreatown > Former Koreatown attorney indicted for \$47 million investment fraud

Former Koreatown attorney indicted for \$47 million investment fraud

September 3, 2014

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SANTA ANA (CNS) — A former immigration attorney from Los Angeles was charged today with running an investment scheme that conned foreign investors seeking permanent residency status in the United States out of about \$47 million.

A federal grand jury in Santa Ana returned a nine-count indictment alleging that Justin Moongyu Lee stole the money from 94 foreign investors, partly using advertisements in foreign newspapers to solicit Korean and Chinese nationals to commit \$500,000 each, plus another \$40,000 for administrative and legal fees, in an immigrant investor program.



Justin Moongyu Lee (Korea Times file)

by KRIS STELL
Managing Editor**A newly opened**

Homewood Suites in East Point, Ga., which is near the Atlanta airport, received \$15 million in funding from 30 EB-5 Immigrant Visa Program investors worldwide. East Point Mayor Jannquell Peters cut the ribbon at the grand opening, and by her side were investors from Dubai and Nigeria.

Project Players

American Life Inc., the manager of the project, specializes in real estate development and EB-5 investments, and manages 10 EB-5 Regional Centers across the U.S., including one in Atlanta, the Atlanta EB-5 Regional Center. This Homewood Suites by Hilton hotel project consists of 122 rooms, extended-stay accommodations with kitchenettes and a business office. It's the first EB-5 project in Atlanta, reports Sachin Patel, managing principal of the



Sachin Patel of the Atlanta EB-5 Regional Center.

Homewood Suites in Atlanta Opens Due to EB-5 Funding



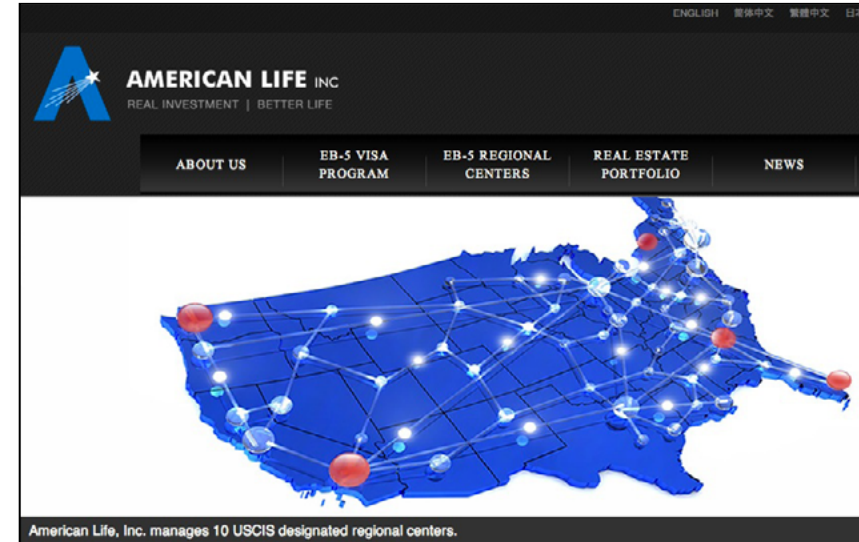
Atlanta center.

Rossmore Management Group of Atlanta owns the land on which the Homewood Suites sits in the airport city of East Point. The two-acre tract qualifies as a "targeted employment area" under federal EB-5 rules. Georgia Department of Labor deemed the site as such when the state's unemployment rate hovered at 8.1 percent, the highest in the U.S. Through construction and operation, the Homewood Suites is projected to create a total of 503 jobs taking into account indirect jobs, and it's less than a mile away from the busiest airport in the world.

A report in *Asian Hospitality* states that Raj Patel, president and co-founder

of Rossmore Management, invested \$3 million toward the project. Rossmore had purchased the two-acre tract in 2008 but was unable to find financing to build the hotel. The project was put on hold. A couple of years later, Raj Patel met Sachin Patel who told him about the EB-5 program and American Life, which also invests in the commercial development projects for its own profit and sustainability. Rossmore broke ground on the hotel in February 2013.

"All investments are under American Life Inc. With respect to fundraising, it is a combination – the \$3 million from Raj Patel of Rossmore, and our EB-5 investors who are primarily sourced via the Ameri-



can Life Inc. distribution channels outside the United States," explained Sachin Patel.

"There is no mortgage or debt on the property," said Raj Patel, "so all the investors will benefit from principal preservation, monthly profit distribution and property appreciation. The bonus for the foreign investors is the green cards."

Of the 30 investors, over 90 percent are approved for the I-526 to date.

on their money while also qualifying for permanent residency, Liebman said."

In addition, American Life Inc. is very methodical when it comes to underwriting any project.

"We undertook two separate independent feasibility studies for this project. Plus, with Hilton as a partner, we knew what kind of numbers the Hilton Reservation system could generate for the hotel at the Atlanta Airport Market, world's busiest since 2000. Plus having a \$3m U.S. investor who is a third generation hotelier helped justify our due diligence and move the project forward," said Sachin Patel.

Return on Investment

One of the investors quoted in the article stated, "It (the project) enticed me because it had a stable return on investment in a manner that is long-term, and any time you want to pull out, you will always get your

Asian Hospitality

News in detail**The \$18M hotel that foreign capital built**

- Judy Maxwell (Assistant Editor)



Taking part on Oct. 1 in the ribbon-cutting ceremony at the Homewood Suites by Hilton in East Point, Ga., near the Hartsfield-Jackson International Airport are, from left, Sachin U. Patel, managing principal of the Atlanta EB-5 Regional Center; Henry Liebman, CEO and chairman of American Life Inc.; Raj Patel, president of Rossmore Management Co. of Atlanta; East Point Mayor Jannquell Peters; Prof. John Kester of Nigeria; and Mohit Bhatia of Udaipur, Rajasthan, India.

Debt-free Homewood Suites by Hilton at the Atlanta airport supported by 30 EB-5 investors...

Tuesday, October 14, 2014 – WHEN THE RIBBON was cut Oct. 1 at the new Homewood Suites by Hilton near the Atlanta airport, it signaled that the airport extended-stay property was open for business. But probably the most significant news is that the \$18 million hotel is totally paid for.

The six-story 122-suite hotel is mostly financed by EB-5 investors – 30 people from across the globe who ponied up \$500,000 each to invest in a piece of commercial real estate to qualify to live in the U.S.

The new holders of the longed-for Green Card need to wait at least two years for their investment to generate the returns required by the federal government's EB-5 program before they can be granted permanent residency in the U.S. Meantime, their conditional visa allows them the freedom to stay in the U.S. In addition, they can start to reap the financial returns of their investment.

It's the American Dream at its finest, says EB5 proponent Sachin U. Patel, managing principal of the Atlanta EB-5 Regional Center. The hotel is the first EB-5 project in Atlanta.

money back plus the cost of the investment to that point."

"Our investor wants a good investment and a green card. Most EB-5s, they don't care about the investment, they just want the green card and their money back in a fixed period of time," Liebman said.

"The Homewood Suites hotel was at 100% occupancy on opening day. Atlanta Airport is the home of Delta Airlines, which can reach 80 percent of the U.S. within a two-hour flight. Also, Atlanta Airport will soon be the home of Porsche Cars North America, which includes the Porsche Cars Experience Track scheduled to open in early 2015," explained Sachin Patel.

"We are in the planning phases for a second hotel in close proximity to the airport terminal, which like the Hilton will be available as equity for EB-5 investors. The hotels have no mortgages or liens and are debt free, which allows investors to preserve their principal investments, receive monthly profit distributions and benefit from capital appreciation in addition to receiving their green cards.

"To sum it up, we are an investment company first and foremost,

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Groundbreaking to Green Cards: Immigrant Investors Back East Point Hotel

by Trevor Williams | October 1, 2014

It looks like a normal hotel, but beneath the brick facade, the new Homewood Suites in East Point near the Atlanta airport represents opportunity, both for local workers and the international investors who made it possible.

The extended-stay hotel opened its doors recently and held a grand opening today punctuated by a speech from East Point Mayor Jannquell Peters, who cut the ribbon in a ceremony in front of the hotel.

Flanking her were investors from Dubai and Nigeria who put down \$500,000 toward the project with the expectation of more than just a financial return. They also qualify for a U.S. green card through the EB-5 immigrant investor program.

Mayor Jannquell Peters of East Point cuts the ribbon on a new Homewood Suites near the Atlanta airport. [Enlarge]

our international investors receive the green card as a bonus. Our U.S. investors are investing on project financial returns," he said.

The Homewood Suites in East Point is the fourth hotel opened by American Life in 2014. Currently, the company is seeking investors for a Hilton Embassy Suites at the Seattle – Tacoma Airport. ■

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Hotel to open near Atlanta airport thanks to foreign investments

Posted: 3:13 p.m. Friday, Sept. 19, 2014 | Filed in: State & Regional Govt & Politics

A new Homewood Suites hotel is set to open near Hartsfield-Jackson Atlanta International Airport following a ribbon-cutting ceremony on Oct. 1, thanks to \$15 million in investments from 30 foreign investors.

Survey Says – Wealthy Chinese Heading Overseas

A recent global survey of high net worth individuals by Barclays Wealth discovered that 47 percent of the wealthy Chinese questioned plan to move overseas within the next five years.

The report, "Wealth Insights, The Rise of the Global Citizen?," is the 18th volume in the Barclays Wealth Insights report series, which tracks the international movements of the world's high net worth individuals,

Residential Research at global real estate consultancy Knight Frank, puts the Chinese preference for Hong Kong and Singapore down to convenience of doing business.

"The reality is that most ultra-high net worth individuals in China are probably making money in China right now. So, for business reasons, they need to be relatively close," Bailey said.

BARCLAYS Wealth Insights

The Rise of the Global Citizen?

exploring where they live, work, retire and are planning to move to. Respondents were drawn from 17 countries around the world, across Europe, North America, South America, the Middle East, Africa and Asia-Pacific. More than 750 of the respondents identified themselves as entrepreneurs.

The Barclay's report references a recent report from international consultancy New World Wealth, which found that China had the largest proportion of high net worth individuals emigrating in the decade up to 2013. The majority of those emigrants went to Hong Kong, Singapore, Australia, the U.S. and the UK. Liam Bailey, Head of

More information on the results specific to China

THE ECONOMIC TIMES

Business

Half of wealthy Chinese planning to leave the country: Survey

AFP Sep 15, 2014, 06:00PM IST

Tags: Singapore | Ottawa | Hong Kong | China | Canada

BEIJING: Nearly half of China's super-wealthy individuals are considering leaving the country, a survey said today, with most citing better overseas educational and employment opportunities for their children.

The global survey of 2,000 high net worth individuals by Barclays Wealth found that 47 per cent of the wealthy Chinese who were questioned plan to move overseas within the next five years.

are in an article in *The Economic Times of India* titled "Half of wealthy Chinese planning to leave the country: survey," which states that for the Chinese, their top destinations are Hong Kong (30 percent) and Canada (23 percent) with top reasons for leaving being better educational and employment opportunities for their children. Additionally, China's economic expansion has come at great environmental cost, especially in the big cities, which is helping drive migration.

Migration Drivers from Barclay's Survey

- Thirty-five percent of respondents are planning a move to another country simply because they desire a better climate.
- Twenty percent are looking to move in order to experience another culture.
- For the younger high net worth individuals (under 45), the top priorities when considering a move to another country are better education for their children (37%), economic opportunity (29%), and career development (29%).
- For older generations (over-65), retirement and economic security are of greater importance. ■

Reasons for planning or considering a move to a different country

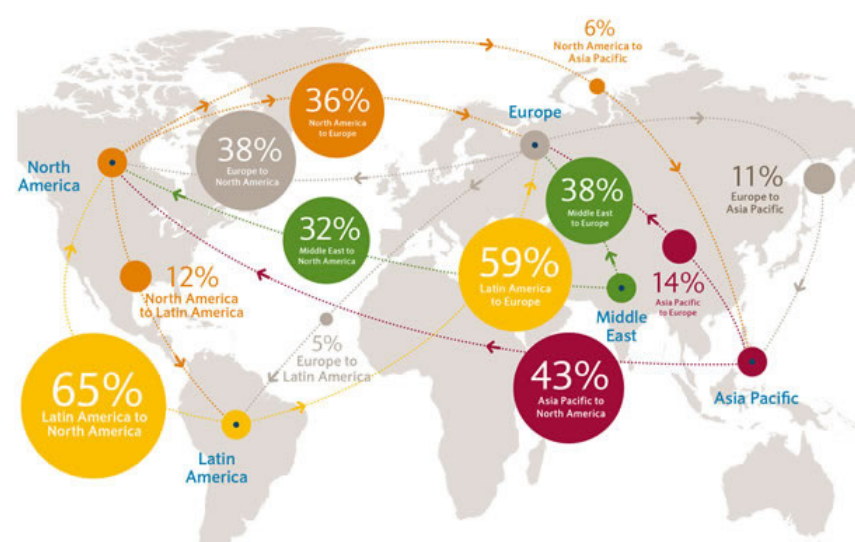
While financial and business considerations undoubtedly remain an important motivation for some wealthy individuals planning to relocate, our study suggests that, in many cases, lifestyle factors such as climate and economic security take precedence when determining migration choices.



Source: The Rise of the Global Citizen survey (Leibniz Research 2014)

Wealth migration patterns: where the wealthy are planning to move in the next five years

Looking at the world map, our report shows that North America and Europe still hold the strongest pulling power for the global high net worth population. While wealthy individuals are gravitating towards a small number of destinations, leading to high concentrations of wealth in certain cities, increasing numbers are looking to the East for a future move.



MPI Report Findings on Immigrant Investor Programs Such as EB-5

The demand for immigrant investor programs that offer citizenship in exchange for financial investments worldwide is growing, as the demand from China and other emerging economies grows. As more countries set up programs, other countries with long-standing ones are questioning the programs' economic benefits and are looking for ways to increase their impact, reports the Migration Policy Institute in a new report.

The report, *Selling Visas and Citizenship: Policy Questions from the Global Boom in Investor Immigration*, examines the increasing mix of players and types of immigrant investor programs, their policy design, benefits and other considerations. During the past decade, the number of countries with immigrant investor programs has increased dramatically, and about half of all European Union member states now have dedicated routes. Demand has increased as well, with the U.S. EB-5

Immigrant Investor Visa Program, for example, nearing its annual cap of 10,000 visas this year for the first time, after two decades of relatively low uptake.

"Cash-for citizenship" policies have not been without controversy, however, as Malta experienced in 2013. Its plan to sell passports for 650,000 euros

(later upped to 1.15 million euros in cash and investments) sparked an outcry in the country — as well as in Brussels, since a Malta passport grants immediate access to EU citizenship.

"In theory, the benefits of investor programs are straightforward: investors obtain new residency rights,



PRESS RELEASE | WEDNESDAY, OCTOBER 1, 2014

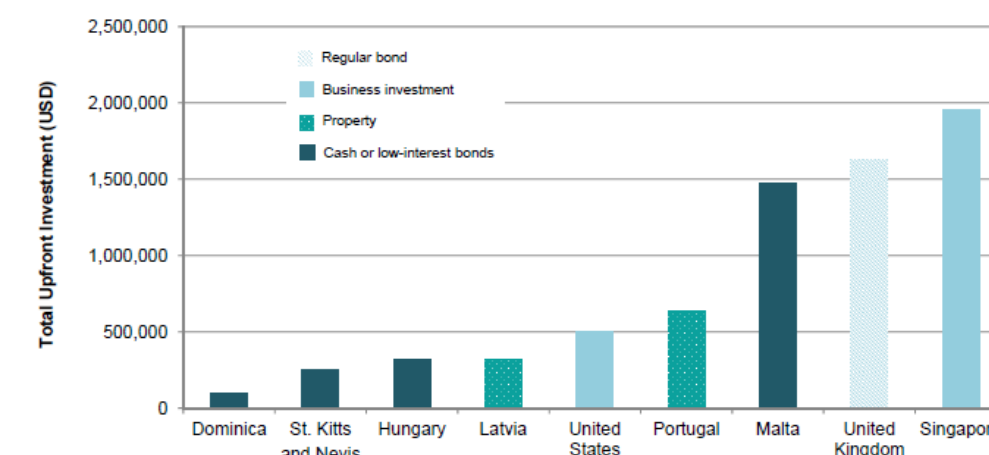
As New Countries Embrace Immigrant Investor Programs, Others Question Their Economic Benefits, MPI Report Finds

WASHINGTON — A growing number of countries have created immigrant investor programs offering citizenship or residency rights in exchange for a sizeable financial investment, as demand from wealthy immigrants from China and

while destination countries gain revenues or job-creating investments," authors Madeleine Sumption and Kate Hooper write. "In practice, policymakers have often found the results disappointing."

The report argues that the clearest economic benefits

Figure 1. How Much Do Immigrant Investors Pay? Upfront Investment Sums in Selected Programs



Note: Sums are for a single applicant, excluding dependants; they include the main investment(s) only and exclude various processing and agent fees. Exchange to USD rates are as of September 26, 2014. Sources: Tables 1, 2, 3, and 4.

MPI con't from pg. 21

come from programs that encourage cash payments to the government or national development funds, though it notes that these are the most controversial as they accentuate public concerns about whether it is appropriate to sell citizenship. Programs requiring private-sector investment — such as the U.S. EB-5 program — are promising in theory but raise some thorny compliance issues. In particular, the government may have little control over where and how the money is invested, as well as whether investments actually create the expected number of jobs.

Citing concerns over economic benefits, Canada earlier this year scrapped its federal program. And the United Kingdom's Migration Advisory Committee has argued that the country is giving away residence rights in return for a government bond investment with no economic value. Australia, meanwhile, has adjusted its program to target investors who will make clearer economic contributions.

The Migration Policy Institute is an independent, nonpartisan, nonprofit think tank in Washington, DC dedicated to analysis of the movement of people worldwide. MPI provides analysis, development and evaluation of migration and refugee policies at the local, national and international levels. Learn more at www.migrationpolicy.org. ■

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

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Russian Money in Britain's EB-5-Like Program

Britain operates a similar program to the U.S.'s EB-5 Immigrant Visa, where three-year investor visas are granted to foreigners who invest £1 million or more in government bonds. Whereas in the United States, 80 percent of the immigrants are Chinese, in Britain it's the Russians that are making the most impact.

A recent article in *The Economist* describes how the wealth the Russians are bringing to the country have effectively "honey trapped" the government, making it difficult for them to attempt to scare off the oligarchs as crisis occurs in the Ukraine.

"Russian wealth has permeated the upper reaches of society in Britain more completely than in any other Western country. The amount of money that post-Soviet oligarchs have pumped into "Londongrad" means, say critics, that David Cameron's government will never crack down on them, no matter how incensed it is by Russia's enormities."

A prime example of how the Russian's wealth is being distributed into Britain can be found in the case between Roman Abramovich, the billionaire who owns Chelsea

Russian money in Britain

Honey trapped

London has more to lose than most when it comes to scaring off oligarchs

Mar 22nd 2014 | From the print edition

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football club, who was in a legal battle with the late Boris Berezovsky, another expatriate tycoon. The case generated legal costs of around £100m.

This is how Britain's program works:

- invest £1,000,000 or more in UK government bonds, share capital or loan capital in active and trading UK registered companies

- apply to settle after 2 years if you invest £10 million
 - apply to settle after 3 years if you invest £5 million
- Russians were granted 433 of these visas between the third quarters of 2008 and 2013, more than any other nationality. Only the Chinese came close, with 419. According to the Independent Schools Council, 8.3% of private schools' non-British pupils last year were Russian. That could mean up to £60m a year in fees. The number of Russian pupils has doubled since 2009.

The program guidelines stipulates that immigrants can't invest in companies mainly engaged in property



Roman Abramovich

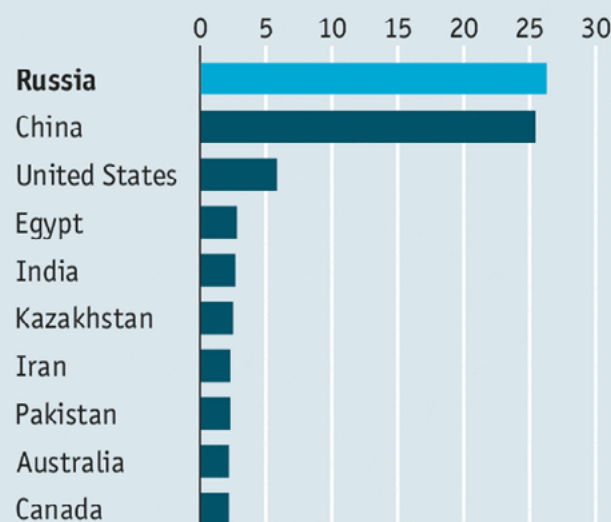
investment, property management or property development. But that doesn't mean they aren't buying property. According to Savills, an estate agency, 4% of buyers in "prime central" areas, such as Chelsea and Westminster, are Russians, spending £6.3m on average, explains the article.

Additionally, "Some 28 Russian firms, with a market value of £260 billion, are listed on London's main exchange (compared with just two in New York). Another 15 Russian-focused firms are on the AIM market for growth stocks. Dozens more have depositary receipts (special overseas shares) that are traded in London. Some \$46 billion of Russian stock has been sold in London IPOs since 1996, according to Dealogic."

According to VisitBritain, in 2012 Russian visits to Britain were worth £240 million (\$402.2 million), equalling a £1,057 average spend per visit, almost double the overall market average of £600 per visit. There has been a 64 percent rise in Russian visitor numbers to the U.K. from 2009 to 2012. ■

Top of the form

British tier-one investor visas granted July 2008 to September 2013, % of total



Source: Home Office

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MARCH 4, 2014

British Officials Oppose Sanctions Because Russia's Elite Are London's Cash Cows

EB-5 Investments Hits Social Media



Follow this industry-leading resource on EB-5 projects and investments through your favorite social media outlet.

The future of EB-5 investing is located at www.eb5projects.com, where investors can find information on EB-5 Regional Center and Direct (Franchise) projects to determine which one is the best investment for you. The site gives you access to independent third-party research and due diligence reports. This eliminates the need for agents and finders as you can access project details and contact the representatives directly.

EB5Projects.com gives you the tools to provide the best service possible to your clients; you'll be able to answer the questions your clients ask such as how many projects are being offered? Who is offering them? Which ones appear to offer the best chance to achieve immigration and investment goals?

Project Representatives

As a project representative, you can distribute your project information to a wide network of potential investors, their attorneys and advisors without having the expense of travel or hosting seminars. You can reduce subscription and administrative costs to investors by issuing directly without the need for an agent or finder.

EB5Projects.com currently has 328 projects and is your guide to basic projects details: project name, project image, investment type, project category, percentage of EB-5 funds used in the project, investment amount, total job creation, Regional Center under which the project falls, state, project location, overall funding required, total EB-5 funding required, project Description, project location description, and project timeline.

This site also provides a detailed outlook on the EB-5 project – associated fees, risks, capital structure, job creation, documents and escrow. ■

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