

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



U.S. Citizenship
and Immigration
Services

SCOPS 70/6.2.8

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APR - 4 2008

Re: Southeast Los Angeles Regional Center

DECISION:

Pursuant to Section 610 of the Appropriations Act of 1993, the Southeast Los Angeles Regional Center Development, LLC, (SELARC) submitted a proposal to U.S. Citizenship and Immigration Services (USCIS) requesting approval and designation of SELARC to participate in the Immigrant Investor Pilot Program, whose geographic area is located within the legal boundaries of the City of Vernon, California, in an area to the southeast of the City of Los Angeles. The primary purpose of SELARC would be to direct immigrant investor capital investments within four distinct industry clusters within the city of Vernon. The investment capital is to flow from the individual alien investors to be pooled within limited liability partnerships (LPs) as an ongoing enterprise which in turn will direct the flow capital into job creating commercial enterprises in the form of asset-based loans, which will generally be extended for five-year terms. The limited partnerships, as an ongoing enterprise, shall redeploy partnership capital if, for instance, borrowed funds are repaid to the partnership earlier than expected, or in the case of the turn over of shorter-term loans.

Based on its review and analysis of the proposal and supporting evidence and documentation seeking USCIS designation for SELARC along with additional information provided in response to a subsequent RFE, USCIS hereby approves the request and designates SELARC as a Regional Center under the Immigrant Investor Pilot Program.

FOCUS OF INVESTMENT ACTIVITY AND CAPITAL INVESTMENT THRESHOLD:

Through this designation by USCIS, SELARC will focus on the following four (4) industry clusters within the City of Vernon:

1. Food Products

2. Apparel Manufacturing
3. Transportation and Warehousing
4. Household Furniture and Furnishings.

As such, aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for investment into financing projects and developing commercial enterprises in the above cited four (4) targeted industry clusters located within the geographic area of the Southeast Los Angeles Regional Center (SELARC) comprised of the contiguous geographic area encompassing the City of Vernon, CA. The city of Vernon area does not qualify as a targeted employment area (TEA) as it is not rural and is not an area of high unemployment. Thus, the minimum qualifying EB-5 capital investment threshold for an individual immigrant investor through SELARC will be not less than one-million dollars.

EMPLOYMENT CREATION AND/OR PRESERVATION:

Alien entrepreneurs who file I-526 petitions for commercial enterprises located in and affiliated with the geographic area encompassed by SELARC must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the alien entrepreneur's investment. This determination regarding new indirect jobs has been established by way of USCIS' acceptance of the final economic analysis, which is contained as part of the approved SELARC proposal and its indirect job creation model and multipliers contained within the final approved SELARC application package.¹ However, such petitions must demonstrate the investment of alien investor capital as outlined therein to achieve the requisite of 10 indirect jobs created per each alien investor's \$1,000,000 capital investment. In addition, the SELARC Regional Center-affiliated limited partnerships may arrange for the augmentation of the alien investor capital with non-EB-5 domestic capital in order to satisfy the target requirement of 10 full time permanent jobs created and/or preserved per each EB-5 immigrant investor.

Further, wherever indirect job creation is claimed based on a multiplier rooted in underlying new "direct jobs" (or preservation of existing direct jobs in a troubled business) in support of an immigrant investor's individual I-526 petition affiliated with SELARC, then:

- To be credited for preserving/maintaining pre-existing direct jobs for "qualified employees" through SELARC for a "troubled business" as defined at 8 CFR 204.6(e), the individual I-526 petition must be supported by probative evidence of the number of "permanent" full time (35 hours per week) qualified employees whose positions shall be preserved/maintained throughout the immigrant investor's period of conditional residency. Such evidence should

¹ Indirect job creation credit is based upon the IMPLAN methodology for forecasting the extent of the relationship between (a) investment in business assets and increased sales; and (b) between increased sales and increased jobs.

include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of “direct” qualifying pre-existing full time jobs in the specified troubled business have been preserved/maintained, and any other pertinent employment records sufficient to demonstrate the number of employees before the investment.

- To be credited with projected creation of new permanent full time direct jobs for “qualifying employees” upon filing the I-526 petition, then the petition must be supported by a comprehensive detailed business plan and supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of the new direct jobs.
- For purposes of an immigrant investor’s filing of a subsequent I-829 petition to remove the conditions wherein the investment through SELARC into an enterprise for which the initial I-526 petition approval involved the creation of new full time permanent direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs, then to support the full combined total of direct and indirect new jobs being claimed at that point, an immigrant investor’s subsequent I-829 petition will need to be supported by probative evidence of the number of new permanent direct full time (35 hours per week) qualified employees whose positions have been created as a result of the investment. Such evidence would include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

INDIVIDUAL EB-5 INVESTOR AFFILIATION WITH THE REGIONAL CENTER:

Each individual petition, in order to demonstrate that it is associated with SELARC, in conjunction with addressing all the requirements for an individual alien entrepreneur petition, shall also contain as supporting evidence relating to this regional center designation, the following:

- (1) A copy of this letter of the approval and designation.
- (2) A copy of the approved regional center narrative proposal and business plan.
- (3) A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the SELARC economic analysis, which has been approved by USCIS, which reflects that investment by an individual immigrant investor of at least one-million dollars in an approved targeted industry cluster within the geographic area of SELARC will generate full-time employment positions, either directly or indirectly, for not fewer than ten U.S. workers per each immigrant investor.
- (4) A legally executed copy of:

- a. the Private Placement Memorandum (PPM);
- b. the Subscription Agreement
- c. the Limited Partnership Agreement;
- d. the irrevocable Escrow Agreement; and
- e. the Escrow instructions.

The designation by the USCIS of SELARC as a Regional Center does not reflect any determination on the merits of individual petitions filed by immigrant investors under the Immigrant Investor Pilot Program. All petitions for immigrant investors who invest through SELARC will be adjudicated by the USCIS on a case-by-case basis, and each petition must be fully documented. The individual petitions must be submitted to the USCIS California Service Center.

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE SELARC REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved regional center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your regional center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated regional center, your administration, oversight, and management of your regional center shall be such as to monitor all investment activities under the sponsorship of your regional center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year², commencing with the current year as follows:

1. The principal official and point of contact of SELARC responsible for the normal operation, management and administration of the regional center.
2. How SELARC is administering its regional center and is actively engaged in supporting a due diligence screening of its immigrant investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.
3. How SELARC is actively engaged in the evaluation, oversight and follow-up on any proposed commercial activities that will be utilized by immigrant investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into job creating commercial enterprises throughout SELARC's geographic area of focus as a Regional Center.
4. The name, date of birth, and alien registration number (if no A-number then USCIS receipt

² A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

- number) of each alien investor who makes an investment and files an EB-5/I-526 Petition with USCIS, specifying whether the petition was approved, denied, or withdrawn by the petitioner.
5. The country of nationality of each alien investor who makes an investment and files an EB-5/I-526 petition with USCIS.
 6. The city and state of residence of each alien investor who makes an investment and files an EB-5/I-526 petition with USCIS.
 7. The categories and/or sub-sectors of business activity within the geographic scope of your regional center that have received the immigrant investors' capital, and in what amount.
 8. The names and locations of each job creating commercial enterprise located within the geographic scope of your regional center that has received alien investor capital.
 9. The amounts of alien investor capital and the amounts of other domestic capital that have been invested together in each job creating commercial enterprise specified in item 8 above, distinguishing the separate totals for each.³
 10. The total aggregate number of approved EB-5 alien investor I-526 petitions per Federal Fiscal Year to date made through your regional center.
 11. The total aggregate number of approved EB-5 alien investor I-829 petitions per Federal Fiscal Year to date through your regional center.
 12. The total aggregate of EB-5 alien capital invested through your regional center for each Federal Fiscal Year to date since your approval and designation.
 13. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your regional center for each Federal Fiscal Year to date since your approval and designation.
 14. If applicable, the total aggregate number of "preserved" jobs by EB-5 immigrant investors for troubled businesses through your regional center for each Federal Fiscal Year to date since your approval and designation.
 15. If for any given Federal Fiscal Year your regional center does not have investors to report (either immigrant or domestic investors), then provide an explanation for the inactivity along with a specific plan which details timelines and steps to actively promote your regional center program and recruit legitimate and viable immigrant investors.
 16. Notification to USCIS within 30 days following any change of address or material change in the structure, operation, administration, focus, or activities relating to your regional center's basis for its most recent designation and/or reaffirmation by USCIS.
 17. The total aggregate of EB-5 alien capital invested through your regional center and aggregate total of all jobs created (whether direct or indirect) for each Federal Fiscal Year.


If you have any questions concerning this approval and designation of SELARC as a Regional Center under the Immigrant Investor Pilot Program, please contact the following office:

³ A separate break out by aggregate amount of alien investor capital vs. aggregate amount of domestic capital invested where applicable.

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the USCIS Foreign Trader, Investor and Regional Center Program via Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



for Barbara Q. Velarde
Chief
Service Center Operations

