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REGIONAL CENTER BUSINESS JOURNAL

June 2014



In this issue:

Largest Ever Annual Membership Meeting & Advocacy Conference Demonstrates Broadening Success, Support of the Regional Center Industry

Self-Regulatory Procedures Increase Transparency, Reinforce Industry Best Practices

Twinning EB-5 with New Markets Tax Credits to Enhance Transaction Quality and Returns

Impact of the Emergence of Broker-Dealers in EB-5 on Escrow and Fund Administration by Regional Center

2013 Regional Center Approval Letters

Targeted Employment Area Data Changes

Latest I-829 Data by Country Reveals Trends for Successful EB-5 Investors

International Bridge Building and the EB-5 Program and more!

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- 8/28 – I-526/I-829 Petitions & I-924 Applications
- 9/25 – EB-5 Economics: Targeted Employment Areas
- 10/30 – Form I-924A: Strategies for Fulfilling the Annual EB-5 Regional Center Reporting Requirement
- 11/20 – Finance: EB-5 Escrow, Fund Administration & Bridge Loans
- 12/18 – 2014 EB-5 Industry Year-In-Review & Look Ahead at 2015

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President's Advisory Council



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LETTER FROM THE EDITOR

DEAR READERS:

This edition of the *Regional Center Business Journal* highlights the collective achievements of EB-5 program stakeholders who are facilitating worthy EB-5 investments throughout the U.S. economy. IIUSA advocacy efforts, such as the successful EB-5 Regional Economic Development Advocacy Conference in May, continue to showcase the fact that EB-5 capital is becoming an indispensable economic development tool for communities all around the country.

EB-5 practitioners will savor many of the timely articles in this edition that will help keep one ahead of the curve in this fast-evolving industry. The nuts-and-bolts treatment of updated Bureau of Labor Statistics data and the American Community Survey is essential to anticipating “targeted employment area” determinations, just as the overview of escrow account rules applicable to broker-dealer represented offerings cannot be ignored. The New Market Tax Credits article is not only expert but reminds us to consider the intriguing implications of the EB-5 and NMTC programs as occupants of the same space. Thanks, again, to IIUSA’s persistent FOIA efforts, we feature the trends in Regional Center approvals as gleaned from hundreds of just-released USCIS approval letters. And as late-breaking news, this edition spotlights the just-approved IIUSA Code of Ethics and Standards of Professional Conduct, and how to lodge an ethics complaint with IIUSA. The Code and Standards represent the latest effort in IIUSA’s steady commitment to “self-regulation.”

The variety and complexity of topics in this edition underscore how fortunate we are to witness the evolution of a capital market that delivers tangible results and holds even greater potential for our local and national economies.

Lincoln Stone

Chair of the Editorial Committee, IIUSA

IIUSA EDITORIAL COMMITTEE



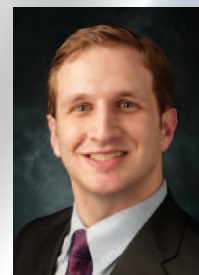
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Bob Honts, *Texas Lone Star Enterprises*

Government Affairs

2014

APRIL 3 – The National Association of Counties (NACo) Board of Directors adopts and approves a resolution supporting IIUSA and the permanent authorization of the EB-5 Regional Center Program.

- **APRIL 16** – USCIS announces it will hold a stakeholder teleconference on April 23 to discuss future regulatory changes to the EB-5 Immigrant Investor Program. They also announce a commenting period on these changes will open through May 8.
- **APRIL 23** – USCIS holds a listening session teleconference for EB-5 Immigrant Investor Program stakeholders regarding potential EB-5 regulatory changes.
- **MAY 1** – New unemployment data and State-certified target employment areas (TEAs) go into effect in California. They will remain in effect until April 20, 2015.
- **MAY 7-9** – IIUSA hosts its 7th Annual Regional Economic Development Advocacy Conference in Washington, DC. The conference sold out with 440 attendees and guests of honor included Senator Patrick Leahy, Congressman Aaron Schock, Congresswoman Zoe Lofgren, Director of the Immigrant Investor Program Office at USCIS Nicholas Colucci.
- **MAY 7** – Senator Patrick Leahy (D-VT), the industry's biggest Senate champion, addresses IIUSA membership at the Annual Membership meeting in Washington, DC, affirming his support for permanent authorization of the Program.
- **MAY 8** – USCIS Public Engagement Idea Community closes for comments on future regulatory changes to the EB-5 Immigrant Investor Program.
- **MAY 8** – Steve Cohen, Associate Director, Division of Enforcement at SEC is joined by Kavita Jain, Director, Emerging Regulatory Affairs and William Guli, Membership Application Group at FINRA for a panel, "Securities Laws Perspectives on the EB-5 Program" at the IIUSA Advocacy Conference in Washington, DC.
- **MAY 8** – Deputy Executive Director of SelectUSA, Aaron Brickman, gives a keynote address on EB-5 and direct foreign investment at IIUSA's EB-5 advocacy conference.
- **MAY 8** – Congressman Aaron Schock (R-IL) speaks to a sold-out IIUSA Regional Economic Development Advocacy Conference in Washington, DC. While praising the Regional Center Program for its successes in communities all over the country, the Congressman announces he will introduce a bill to permanently authorize the Program the following week.
- **MAY 9** – Charles Oppenheim, Chief of Visa Controls Office at the U.S. Department of State discusses EB-5

retrogression predictions on the final day of IIUSA's EB-5 Advocacy Conference.

- **MAY 14** – Congressman Aaron Schock (R-IL) introduces H.R. 4659, the "EB-5 Regional Center Extension Act of 2014" along with his co-sponsor, Congresswoman Tulsi Gabbard (D-HI). The bill will permanently authorize the EB-5 Regional Center Program and remove the per-country cap on visa allocations.
- **MAY 19-23** – IIUSA President David Andersson participates and speaks at SelectUSA Roadshows in Japan, including the cities of Tokyo, Osaka and Nagoya.
- **MAY 20** – President Obama announces the next SelectUSA Investment Summit to be held March 23-24, 2015 in National Harbor, MD.
- **MAY 21** – IIUSA Executive Director Peter D. Joseph participates at the SelectUSA Roadshow in Merida, Mexico.
- **MAY 22** – The Office of Management and Budget (OMB) through its Economic Classification Policy Committee (ECPC) announces it is accepting proposals from the public for potential revisions of the North American Industry Classification System (NAICS) for its 2017 edition.
- **MAY 23** – Representatives Aaron Schock (R-IL) and Tulsi Gabbard (D-HI) circulate a "Dear Colleague" letter to their peers in the House of Representatives, urging them to co-sponsor H.R. 4659, the "EB-5 Regional Center Extension Act of 2014"
- **MAY 28** – USCIS Administrative Appeals Office (AAO) holds a stakeholder teleconference and listening session about recent developments relating to the AAO and appeals processing.
- **MAY 28** – USCIS releases new data on I-526 for the first two quarters of FY 2014.
- **JUNE 1** – IIUSA forms several new committees, including the Association Building Committee (ABC), to help foster relationships with outside business and public interest groups that have aligned missions with IIUSA and the Regional Center industry.
- **JUNE 11** – Senate Judiciary Committee holds a hearing on immigration with Secretary of Homeland Security Jeh Johnson. IIUSA submits on the record a letter with supporting economic impact data on the EB-5 Regional Center Program.
- **JUNE 21** – IIUSA hosts a reception for the U.S. Conference of Mayors Annual Meeting at NYLO Hotel in Dallas along with Civitas Capital Group and CapSpan
- **JUNE 25** – USCIS calls for comments from both individuals and organizations on new EB-5 regulations





From left to right: IIUSA President David Andersson, Lisa Atkins (US Chamber of Commerce), IIUSA Executive Director Peter Joseph, Ed Pagano (Akin Gump Strauss Hauer & Feld, LLP), Liz Poston (Rasky Baerlein|Prism Public Affairs), Hans Rickoff (Akin Gump Strauss Hauer & Feld, LLP), Matt Virkstis (Cartwright & Virkstis Public Affairs)



Cindy Chen of the American Chamber of Commerce in South China



Ron Rohde, Chair of IIUSA Public Relations Committee, addresses the IIUSA membership



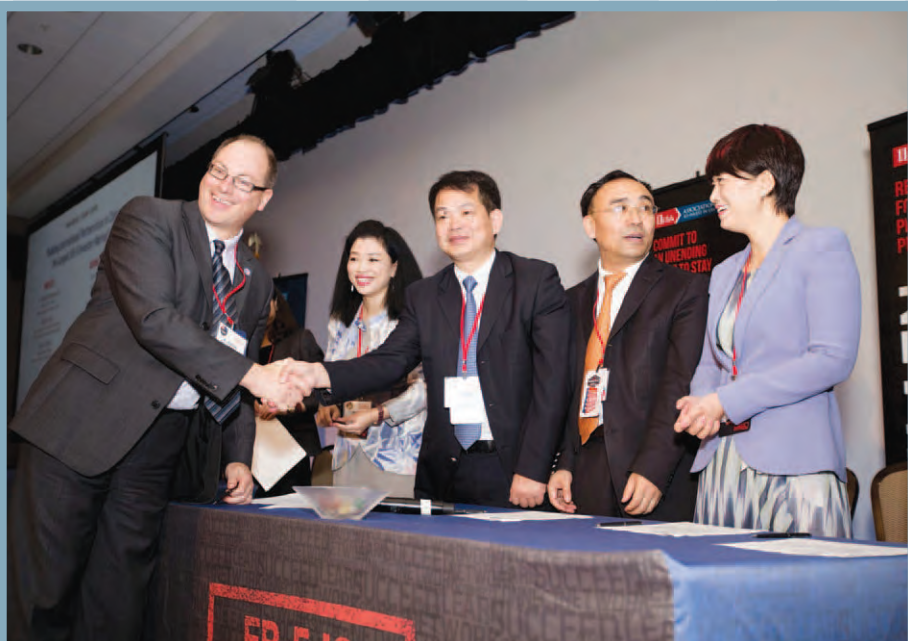
IIUSA Executive Director, Peter D. Joseph, with Michael Palmer and Steve Shpilsky of California Real Estate Regional Center



Kenneth Jarrett (Left), President of American Chamber of Commerce in Shanghai signs a Memorandum of Understanding (MOU) with IIUSA President K. David Andersson



IIUSA President K David Andersson honors Kelvin Ma, IIUSA International Membership Subcommittee chairman, for his service to IIUSA



Eight Chinese Provincial Level Entry-Exit Association sign Memoranda of Understanding (MOUs) with IIUSA



Kelvin Ma (Left) Chair, IIUSA International Membership Subcommittee, with Kenneth Jarrett (Center), President of American Chamber of Commerce in Shanghai and Cindy Chen (Right), Area Development Manager, American Chamber of Commerce in South China



IIUSA Secretary-Treasurer Bob Honts (Right) and IIUSA Director Pat Hogan



Guangdong Exit-Entry Association Chairman He Boyi (Left) and Kelvin Ma, Chair, IIUSA International Membership Subcommittee



IIUSA employees Lee Li and Ashley Sanislo Casey

EB-5 IS WORKING.

LARGEST EVER ANNUAL MEMBERSHIP MEETING & ADVOCACY CONFERENCE DEMONSTRATES BROADENING SUCCESS, SUPPORT OF THE REGIONAL CENTER INDUSTRY



BY PETER D. JOSEPH
IIUSA EXECUTIVE DIRECTOR

This year's annual membership meeting and EB-5 Advocacy Conference in Washington, DC were special to say the least. Thanks to

your hard work and success, we achieved new heights together – building momentum for a permanent EB-5 Regional Center Program that will continue to create American jobs at no cost to the taxpayer as a result. Next year, already scheduled for April 12-14, 2015 back at the Hyatt Regency on Capitol Hill in Washington, DC, we will celebrate IIUSA's tenth year in existence while ensuring our voice is heard loud and clear on Capitol Hill for permanent authorization of the EB-5 Regional Center Program well in advance of the current September 30, 2015 "sunset date."

After these speeches, the membership considered and subsequently adopted all recommendations from the Bylaws, Nominations, Budget & Finance and Best Practices Committees. These changes, to be discussed below, cumulatively represent IIUSA's recognition of the need to evolve in order to be in the best position to achieve our mission by further empowering its growing membership.

BYLAWS COMMITTEE:

1. Amendment to increase the size of the IIUSA Board of Directors from nine to thirteen members.

The IIUSA membership approved this recommendation as a result of industry growth and the need for improved representation at the Board of Directors level.

2. Amendment to further empower and activate IIUSA Committees and Committee Chairs

New bylaw provision allows for Committee Chairs to appoint Committee Members and requires at least two reports a year regarding Committee mission and goals as well as a year end status report.

NOMINATIONS COMMITTEE:

1. Re-election of all existing Officers and Directors

Officers (One Year Terms)

President: K. David Andersson, CEO, WORC Regional Centers

Vice President: Robert C. Divine, Chair of Global Immigration Practice, Baker Donelson Bearman, Caldwell & Berkowitz, P.C.

Secretary-Treasurer: Robert G. Honts, CEO, Lone Star Texas Enterprises

MEMBERSHIP MEETING

On May 7th, IIUSA held its 9th annual membership meeting which kicked off the 7th Annual EB-5 Regional Economic Development Conference. The meeting began with a speech from Robert C. Divine, IIUSA Vice President, who was the Chief Counsel and Acting Director of U.S. Citizenship & Immigration Services (USCIS) in the early 2000's, which focused on what lessons can be learned from the history of EB-5. K. David Andersson, IIUSA President, followed Mr. Divine's speech with welcoming remarks and his state of the association/industry speech – highlighting the steady growth of the Program, and the opportunities and challenges that have come with it, with an optimistic eye to the future.



IIUSA Directors at the IIUSA annual membership meeting. From left to right: Bob Honts, George Ekins, Robert Divine, Tom Rosenfeld, Pat Hogan

2014 EB-5 ADVOCACY CONFERENCE



Patrick Leahy, Chairman of the Senate Judiciary Committee, Addresses the IIUSA Membership on May 7, 2014.

Directors (Three Year Terms)

Patrick F. Hogan, CEO, CMB Regional Centers

Tom Rosenfeld, CEO, CanAm Enterprises

2. Addition of Four New Directorships

Angelique Brunner, CEO, EB5 Capital (Three Year Term)

Jill Jones, General Counsel, NES Financial (Two Year Term)

Robert Kraft, CEO, FirstPathway Partners (One Year Term)

Chris Marlin, President, Lennar International (One Year Term)

BUDGET & FINANCE COMMITTEE:

1. Adoption of a new budget for the year starting June 1, 2014 and ending May 30, 2015

BEST PRACTICES COMMITTEE:

1. Industry self-regulation procedures designed to bring the ethical and profession-

al standards applicable to IIUSA members into line with the rapidly evolving EB-5 marketplace (see: <https://iiusa.org/en/iiusa-approved-best-practices/>).

- IIUSA Code of Ethics and Standards of Professional Conduct (the "Code and Standards")
- Code and Standards Enforcement Procedures
- Complaint Form

GUEST OF HONOR: CHAIRMAN OF THE SENATOR JUDICIARY COMMITTEE, PATRICK LEAHY

After taking care of internal matters, IIUSA members were treated to a rousing address from the Honorable Senator Patrick Leahy (D-VT), Chairman of the Senate Judiciary Committee. Senator Leahy discussed the economic benefits of the EB-5 Program in his home state of Vermont and the promise that a permanent Program holds for the rest of the nation.

COMMITTEE REPORTS

The Membership meeting was then capped off with Committee reports delivered by committee chairs Daniel J. Healy, CEO, Civitas Capital Group (Best Practices), Lincoln Stone, Partner, SGG Immigration Law (Editorial), Kyle Walker, CEO, Green Card Fund (Membership), Angel Brunner, CEO, EB5 Capital (Public Policy), Ron Rohde, Director of Finance/General Counsel, CP Holmes (Public Relations) and Bob Honts, CEO, Texas Lone State Enterprises; Secretary Treasurer, IIUSA (Public Interest Group).

THE EB-5 ADVOCACY CONFERENCE

After the membership meeting kicked off the conference, the broader event began on Thursday May 8, commencing an excellent week of EB-5 grassroots advocacy, advanced education, and business development opportunities. The 400+ attendees at the sold-out conference were treated to eight panels, three Congressional Guest of Honor Speakers, keynote addresses from individuals representing five federal agencies/regulators, special guests from the American Chambers of Commerce in Shanghai and South China (as well as the U.S. Chamber of Commerce), and a special ceremony with eight Chinese provincial level entry-exit associations in which IIUSA signed joint Memoranda of Understanding (MOUs).

LARGEST (AND MOST SUCCESSFUL) EB-5 ADVOCACY CONFERENCE EVER!

The Hyatt Regency on Capitol Hill was nearly "bursting at the seams" with 440+ people attending this year's conference, representing over a 90% growth in number of attendees from the last IIUSA EB-5 Advocacy Conference in October, 2012. This year's event boasted 24 sponsors including 17 exhibitors, representing Regional Centers, law firms, economists, consultants, financial service providers and banks. This collective group, along with the hundreds of industry professionals in attendance, ensured that the exhibit hall was buzzing during speaking breaks and IIUSA-hosted receptions on Wednesday and Thursday evenings.

A big thank you to everyone who made this conference a success, from our sponsors, guests of honor, keynote speakers, members,

2014 EB-5 ADVOCACY CONFERENCE

industry leaders, staff, partners, and more!

THREE CONGRESSIONAL SPEAKERS

IIUSA was honored to have three Congressional Guest of Honors speak at our conference, including one senator and two representatives. The Honorable Senator Patrick Leahy (D-VT), Chairman of the Senate Judiciary Committee, gave a memorable address during the IIUSA annual membership meeting on the visible economic impacts of the EB-5 Program in the state of Vermont. The EB-5 Regional Center Program is indeed very fortunate to have Chairman Leahy as its long-standing “champion” in the Senate.

Just after the lunch break on Thursday May 8th, the standing room-only crowd witnessed back-to-back addresses from two very important members of the U.S. House of Representatives: Zoe Lofgren (D-CA, 19th District) and Aaron Schock (R-IL, 18th District). Congresswoman Lofgren, who is the Ranking Member of the House Immigration Subcommittee (of the Judiciary Committee) discussed the importance of attracting foreign capital that can be useful to the U.S. economy and pointed to the IIUSA-commissioned peer-reviewed economic impact study from 2012 which showed that EB-5 contributed \$3.3 billion to U.S. GDP (\$700 million in California alone) and supported over 42,000 jobs nationwide.

“Regardless of what the step-by-step approach is that the House is going to do on immigration reform, this can be one of the first steps. Make a Program that is working permanent, give certainty to those that want to come here and a path to do so, and also allow our economy to benefit and grow from capital flowing to our markets here in the United States. We have five percent of the world’s population. The only way we are going to grow and compete is if the best and the brightest in the world come here and the capital continues to flow here. EB-5 helps accomplish both of those goals here our country.”

—CONGRESSMAN AARON SCHOCK



Congressman Aaron Schock speaks at IIUSA's Advocacy Conference in D.C. on May 8, 2014.

Next, Congressman Aaron Schock offered some words of inspiration for conference attendees to educate their congressional representatives, both in Washington, D.C. and back in their home districts, about the tangible benefits that EB-5 is having all across America. Schock then told the crowd of his intention to introduce a new bi-partisan immigration bill, H.R. 4659 or the “EB-5 Regional Center Extension Act of 2014, which would permanently authorize the EB-5 Regional Center Program and eliminate per country caps on visa allocations.

SPEAKERS REPRESENTING FIVE FEDERAL AGENCIES

IIUSA's 7th Annual EB-5 Advocacy Conference was notable not just for its big name

speakers but also for the diverse representation of federal stakeholders who came to speak on various topics within EB-5.

On Thursday morning's panel on securities laws, both the Securities and Exchange Commission (SEC), represented by Steve Cohen, the Associate Director of the Division of Enforcement, and the Financial Industry Regulatory Authority (FINRA), represented by Kavita Jain, Director of Emerging Regulatory Affairs and William Guli, from the FINRA Member Application Program (MAP), stressed the growing inter-agency collaboration to address fraud and other securities related concerns in the EB-5 industry. In his candid remarks, Mr. Cohen in particular highlighted the increased involvement of the SEC in the EB-5 Program, pertaining not only to addressing fraud, but also compensation practices. Ms. Jain and Mr. Guli spoke on the increase in broker/dealer activity in the EB-5 Program, and provided practical information on the process for becoming a broker/dealer and some of the considerations that people should make in this regard.

In the late morning on Thursday, Aaron Brickman,

2014 EB-5 ADVOCACY CONFERENCE

Deputy Executive Director of SelectUSA, the international investment initiative housed in the Department of Commerce, spoke about SelectUSA's mission to promote and facilitate business investment in the United States, which countries were the sources of the greatest growth of foreign direct investment (FDI) over the past several years and how EB-5 is becoming a growing percentage of overall investment. He also highlighted the services that SelectUSA has available to the public to streamline the process of getting foreign direct investment to the United States to create American jobs.

Following a several hour break, when many conference attendees headed to Capitol Hill for congressional meetings, U.S. Citizenship and Immigration Services (USCIS) Immigrant Investor Program Chief Nicholas Colucci delivered a 20-minute prepared speech and held a short Q & A with the audience. Mr. Colucci reiterated, as he spoke to in an EB-5 Stakeholder teleconference in February, that he is focused on enhancing the administration of the EB-5 Program by improved delivery of customer service/transparency and performance/predictability – while using all necessary tools to combat fraud on a collaborative basis with the industry and using his past experience at the Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF) and, more recently, FinCEN, U.S. Department of Treasury.

Lastly, Charles Oppenheim, who has been the Chief of the Visa Controls Office at the U.S. Department of State since 1999, presented on Friday May 9 on the possibility of visa retrogression for the EB-5 category as we get closer to maxing out the annual allocation of approximately 10,000. His main responsibility is the administration of a complex series of annual numerical limitations on immigrants subdivided by preference category and country and issues a monthly bulletin, which summarizes availability of visas for the coming month and other visa re-



Steve Cohen, Associate Director, Division of Enforcement, U.S. Securities & Exchange Commission

lated information (visit <http://travel.state.gov/> for more). Mr. Oppenheim, along with moderator Bernard Wolfsdorf, Managing Partner of the immigration law firm Wolfsdorf & Rosenthal, tackled the looming issue of EB-5 visa retrogression for Chinese applicants in the coming months. Oppenheim noted, to the relief of many in the audience, that visa availability will remain current through FY2014 and extrapolated with current demand figures that a cutoff date would be likely before the summer of 2015.

INTERNATIONAL GUESTS OF HONOR

In addition to diverse, cross-sector stakeholder representation from the U.S. at the event, IIUSA's international partners also had a strong presence at the conference. First on Wednesday, IIUSA welcomed Ken Jarrett, President of the American Chamber of Commerce in Shanghai (AmCham Shang-

CONTINUED ON NEXT PAGE >>



IIUSA President David Andersson and USCIS Immigrant Investor Program Office Director, Nicholas Colucci at IIUSA's Advocacy Conference in Washington, D.C.

2014 EB-5 ADVOCACY CONFERENCE



IIUSA President K David Andersson honors Kelvin Ma, IIUSA International Membership Subcommittee chairman, for his service to IIUSA.

special guest during the membership meeting. Mr. Jarrett gave brief remarks on how AmCham Shanghai and IIUSA will be working together to build opportunity and integrity for the EB-5 Regional Center industry in the largest investor market, China. After his remarks, IIUSA and AmCham Shanghai inked a formal memorandum of understanding to begin our working relationship.

Stay tuned for more information. IIUSA also welcomed a special guest from the American Chamber of Commerce in South China (AmCham South China), Cindy Chen, Area Development Manager. Ms. Chen gave some stirring remarks to attendees during a Friday panel on China, highlighting the now long-standing partnership with IIUSA in EB-5 advocacy, education, and industry development.

Ms. Chen also highlighted the culminating annual event for IIUSA and AmCham South China, the China International Fair for Investment & Trade (CIFIT) this September 6-10. IIUSA and AmCham South China have an exciting trade mission planned already for this year's delegation with significantly more EB-5 programming and opportunity for exhibitors and attendees alike. Lastly, IIUSA had the honor of welcoming representatives from eight provincial entry/exit associations in China – which are essentially the regulators of the migration advisory industry within China. After significant negotiations, IIUSA signed memoranda of understanding with all eight associations highlighting the issues of due diligence, compensation practices, and market transparency/integrity.

These MOUs mark the beginning of IIUSA becoming more assertive in our efforts to build an informed EB-5 marketplace. This will be an essential component of programming at CIFIT this year. ■

Our Investor Team

Helped over **400** investors file I-526s and **hundreds** to immigrate to the U.S. with their families based on **dozens** of projects.


Our Regional Center Team

Secured approval for more than **20** new centers in **15** states, including a raceway, luxury hotels, restaurants, shopping malls, education & child care facilities, and more.

Our Project Team

Helped developers build hotels, casinos, condos, office buildings, entertainment complexes and more, with nearly **\$1 billion** in cumulative EB-5 capital.

Just a few reasons why we are called the leaders in EB-5 Immigration law.



**ANOTHER
GREAT YEAR
FOR THE
KLASKO
EB-5 TEAM**

KLASKO
Immigration and Nationality Law



Check us out at www.eb5immigration.com

2014 EB-5 ADVOCACY CONFERENCE

EIGHT COMPREHENSIVE EB-5 PANELS

To provide context to each speaker and panel topic, IIUSA compiled a 200-page Conference Handbook & Advocacy Toolkit, which is now on sale through the IIUSA Marketplace for \$50. Under each panel, we describe the pertinent information contained in the conference handbook. Many of these panels can also be viewed OnDemand at IIUSA Marketplace (www.iiusa.org/marketplace) - Member \$99, Nonmember \$198, All Access Pass, \$650).

“SECURITIES LAW PERSPECTIVES ON THE EB-5 PROGRAM”

Panelists:

- Steve Cohen, Associate Director, Division of Enforcement, U.S. Securities and Exchange Commission (SEC)
- William Guli, Membership Applications Program (MAP)
- Kavita Jain, Director, Emerging Regulatory Affairs, Financial Industry Regulatory Authority (FINRA)

Handbook Articles:

- IIUSA Supports Inter-Agency Collaboration To Protect Integrity of the EB-5 Program
- Jobs Act Rules Published and In Effect
- SEC v A Chicago Convention Center Litigation Release
- IIUSA-filed Amicus Curiae brief in support of returning investor frozen funds
- SEC/USCIS Joint Investor Alert (Oct, 2013)
- FINRA Letter for Interpretive Guidance on Rule 2111
- FINRA Form NMA Frequently Asked Questions (FAQs)

EB-5 PROJECT DUE DILIGENCE

Panelists:

- Daniel J. Healy, CEO, Civitas Capital Group; Director, IIUSA
- Dawn M. Lurie, shareholder, Polsinelli
- Peter D. Joseph, Executive Director, IIUSA
- William P. Gresser, President, EB-5 New York State Regional Center; Director, IIUSA

Handbook Articles:

- The Institutionalization of the EB-5 Program
- History of Risk in the EB-5 Regional Center Context

BEST PRACTICES IN EB-5 PUBLIC PRIVATE PARTNERSHIPS

Panelists:

- K. David Andersson, President, Whatcom Opportunities Regional Center; President, IIUSA
- Patrick F. Hogan, President, CMB Regional Centers; Director, IIUSA
- Tom Rosenfeld, President, CanAm Enterprises; Director, IIUSA
- William J. Stenger, President, Jay Peak Resort; Director, IIUSA

Handbook Articles:

- Conference of Mayors Support EB-5
- National Association of Counties (NACo) Adopts Resolution in Support of the EB-5 Regional Center Program and IIUSA's Legislative Agenda



EB-5 ADVOCACY: EDUCATING THE PUBLIC & CONGRESS ABOUT THE GROWING ECONOMIC CONTRIBUTION OF THE EB-5 REGIONAL CENTER INDUSTRY TO THE UNITED STATES

Panelists:

- Ed Pagano, Partner, Akin Gump Strauss Hauer & Feld LLP
- Hans Rickhoff, Senior Policy Counsel, Akin Gump Strauss Hauer & Feld LLP
- Lisa Atkins, Director of Immigration Policy, U.S. Chamber of Commerce
- Liz Poston, Executive Vice President, Rasky Baerlein|Prism
- Matt Virkstis, Principal, Cartwright & Virkstis

Handbook Articles:

- Leahy Amendment to S.744 Passed In Senate Judiciary Committee
- What People Are Saying About the EB-5 Program
- Fact Sheets about IIUSA, the EB-5 Program, FAQs about EB-5 Regional Center Investments
- Immigration Myths and Facts (from the U.S. Chamber of Commerce)
- Fixing our Broken Immigration System

2014 EB-5 ADVOCACY CONFERENCE

EIGHT COMPREHENSIVE EB-5 PANELS (CONT.)

UPDATE ON USCIS POLICIES & ADMINISTRATIVE PROCEDURES

Panelists:

- H. Ronald Klasko, Partner, Klasko Rulon Stock & Seltzer, LLP
- Carolyn S. Lee, Partner, Miller Mayer, LLP
- Lincoln Stone, Partner, Stone Grzegorek & Gonzales LLP; Chair, IIUSA Editorial Committee
- Robert C. Divine, Chair of Global Immigration Practice, Baker, Donelson, Bearman, Caldwell & Berkowitz, PC; Vice President, IIUSA

Handbook Articles:

- Flowchart of USCIS EB-5 Immigrant Investor Office hierarchy
- EB-5 Regulations (8 CFR 204.6 and 8 CFR 216.6)
- Analysis of 2/26 USCIS EB-5 Stakeholder Teleconference
- Trends in Approvals of Regional Centers in the EB-5 Investor Visa Program
- FOIA Efforts Reveal USCIS Adjudications and Behind-the-Curtain Work in "Tenant Occupancy" Job Creation
- State Designation of EB-5 Targeted Employment Areas
- Federal Court Ligation of EB-5 Cases
- I-526 and I-829 petition trends

THINKING GLOBAL: DIVERSIFYING THE EB-5 INVESTOR MARKETPLACE & INCREASING COMPETITION FOR IMMIGRANT INVESTORS

Panelists:

- Angel Brunner, President, EB5 Capital; Director, IIUSA
- Daniel Perron, Managing Partner, Henley & Partners
- Gonzalo Lopez-Jordan, Managing Partner, American Regional Center Group

Handbook Articles:

- Wealth Report 2013: Global Perspectives on Prime Property & Wealth
- Investor Demand (I-526 approvals) Trends by Country of Investor Origin
- Canadian Immigrant Investor Shutdown Holds Lessons for EB-5 Applicants

EB-5 RETROGRESSION PREDICTIONS (AND CONSEQUENCES)

Panelists:

- Bernard Wolfsdorf, Managing Partner, Wolfsdorf & Rosenthal
- Charles Oppenheim, Chief, Visa Controls Office, U.S. Department of State

Handbook Articles:

- EB-5 Visa Availability Projections for 2014
- Visa Bulletin from Department of State Visa Controls Office (January 2014)



BUILDING INTERNATIONAL PARTNERSHIPS IN CHINA, THE LARGEST EB-5 INVESTOR MARKET

Panelists:

- Cindy Chen, Area Development Manager, American Chamber of Commerce in South China
- K. David Andersson, President, Whatcom Opportunities Regional Center; President, IIUSA
- Kelvin Ma, Partner, Shanghai Demei Law Firm; Chair, IIUSA International Subcommittee (Membership Committee)

The panel also included a signing ceremony with officials of Provincial Entry-Exit Associations to formalize IIUSA's association-to-association partnerships in China.

- He, Boyi, Chairman, Guangdong Entry-Exit Association
- Lu, Qingbo, Chairman, Fujian Entry-Exit Association
- Peter Zeng, Chairman, Hubei Entry-Exit Association
- Rachel Wang, Chairwoman, Chongqing Entry-Exit Association
- Steven Guo, Vice Chairman, Sichuan Entry-Exit Association
- Zhang, Danhua, Chairwoman, Liaoning Entry-Exit Association
- David Chen, Shanghai Entry-Exit Association
- Shelly Zhang, Vice Chairwoman, Beijing Entry-Exit Association

Handbook Articles:

- IIUSA Reports on Trip to China to Discuss Emerging Industry Issues with Counterparts
- Understanding the Exit/Entry Industry in China & Summarizing IIUSA Involvement in 2013

2014 EB-5 ADVOCACY CONFERENCE

Empowering EB-5 Advocates with Affirmation of Industry Consensus Advocacy Platform & New Advocacy Software

IIUSA's EB-5 Regional Center Industry Public Policy Platform

The Association to Invest In the USA (IIUSA) represents 200+ Regional Center members that together account for over well over 95% of the economic activity occurring in the United States through the EB-5 Regional Center Program in diverse communities and industries across the country. According to a peer-reviewed economic impact study, in fiscal year 2012 alone, EB-5 investments contributed over \$3.39 billion to gross domestic product (GDP), supported over 42,000 U.S. jobs, and generated \$712 million in federal/state/local tax revenue – all at no cost to the U.S. taxpayer. Investor demand continues to be at an all-time high according to fiscal year 2013 and Q1-2 fiscal year 2014 data.

On May 9, at the 2014 annual Board of Directors meeting, the IIUSA Board of Directors affirmed the industry's consensus policy platform:

After 20+ years & nine extensions, time to permanently authorize the EB-5 Regional Center Program

Congress must act soon to permanently authorize the EB-5 Regional Center Program before its current "sunset" date of September 30, 2015, providing the certainty needed to maximize the Program's economic benefit for the U.S. Strong bipartisan support has defined all nine re-authorizations to date, including 2012 with unanimous support in the Senate and 412-3 vote in the House – while also removing the word "pilot" for the statute. With economic impact setting records, and strong growth after more than twenty years in existence, a permanent EB-5 Regional Center Program is "an idea whose time has come."



Maximize the economic impact of the Program through expanded visa availability

It is essential that visa availability increase before a backlog occurs at the expense of the American economy. Solutions that have bipartisan support, and which have already been approved by either the House or Senate this Congress, include counting only the principal applicant towards the annual visa cap, removal of per-country caps on all employment-based immigrant visas, recapturing unused visas from past years and increasing EB-5 visa allocations based on demand—all of those options would increase the economic impact of the Program.

Ensure efficient, predictable and transparent processing of EB-5 applications and petitions

Congress must ensure that the U.S. Citizenship & Immigration Services (USCIS) has the necessary resources and expertise to administer an efficient, predictable, transparent, and secure processing system for the EB-5 Regional Center Program. Reliable processing times are essential for the success of this Program in creating U.S. jobs. We are confident the agency is capable of adjudicating petitions efficiently and thoroughly. To ensure USCIS

has the resources needed to address the large backlog of EB-5 investor petitions, Congress must exercise its oversight responsibilities to establish more predictable and efficient processing of petitions. There are currently over 6,000 investor applications pending at USCIS, representing \$3.0 billion in capital investment that will create over 60,000 American jobs at no cost to the taxpayer.

Support inter-agency collaboration and industry self-regulation to protect program integrity

In tandem with industry efforts to self-regulate by establishing best practices, Congress must support efforts at the agency level to ensure law enforcement responsibilities are being handled by the appropriate federal authorities while also ensuring the necessary resources are available to punish bad actors and deter fraud.

Maintain state authority to designate the geography of target employment areas (TEAs)

State governments are best suited to determine a geography's merit for definition of "high unemployment." Bringing a federal agency into the TEA determination process is unnecessary and will likely result in further delays of EB-5 adjudication. Similarly, expanding the authority for TEA designation to the local level (municipal and/or county) would create confusion, various applications of standards, and slow down the process of projects getting approval that overlap jurisdictions.

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2014 EB-5 ADVOCACY CONFERENCE

Competitive minimum investment amount with phased implementation of changes

Any potential increase in the minimum capital investment for immigrant investors should be done so not to disrupt current investment flows and discourage investment. Any changes in this regard must have a phased implementation that is fair to those already actively investing through the Program in order to maintain Program integrity.

Building on the momentum of the EB-5 Advocacy Conference, IIUSA recently unveiled its new "Legislative Action Center" (advocacy.iiusa.org) which empowers EB-5 stakeholders to tell their stories of capital formation and resulting U.S. job creation to federal decision makers in Congress. Using the links and fact sheets provided on the portal, IIUSA members and other EB-5 beneficiaries can now easily and conveniently send messages directly to Congress or local media outlets with a few clicks of the mouse, look

up the correct representative's offices in the Senate and House, learn more about EB-5's legislative history, and educate themselves on IIUSA's advocacy efforts.

Urge Your Congressional Representative to Cosponsor HR 4659, a Bipartisan Bill to Permanently Authorize and Enhance the EB-5 Regional Center Program

H.R. 4659 is a bipartisan bill introduced by Congressman Aaron Schock (R-IL18th) and Congresswoman Tulsi Gabbard (D-HI 2nd) that would permanently authorize the EB-5 Regional Center Program, expand its capacity for economic impact by eliminating the Program's country caps – along with all other employment-based visa categories (an idea that passed the House with bipartisan support in previous Congress), and provide streamlined processing for Regional Center affiliated investors.

TAKE ACTION!
VISIT ADVOCACY.IIUSA.ORG TO...

- Write Your Legislators (Simply Enter Your Contact Information, & share a specific economic impact story in your community in less than 200 characters)
- Read About This Issue (Other issues include Efficiency Predictability & Transparency Processing of EB-5 Applications, Support of Inter-Agency Collaboration & Industry Self Regulation to Protect Program Integrity, Maintain State Authority to Designate the Geography of Target Employment Areas (TEAs), and Competition Minimal Capital Investment Amount with Phased Implementation of Any Changes).
- Share IIUSA's Legislative Action Center with your network (via Facebook, Twitter or Google+).

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SELF-REGULATORY PROCEDURES INCREASE TRANSPARENCY, REINFORCE INDUSTRY BEST PRACTICES



BY DANIEL J. HEALY

PRESIDENT/CEO, CIVITAS CAPITAL GROUP; DIRECTOR, IIUSA; CHAIR, BEST PRACTICES COMMITTEE, IIUSA

The EB-5 program is an integral economic development tool that will play a role in keeping America's economy strong, vibrant, and competitive with the many other nations around the world. For our clients, an EB-5 investment is not just a financial product; it is a life-changing experience. EB-5 investors have both their investment and their dream of becoming an American on the line.

With so much at stake, increased oversight with a focus on anti-fraud measures and standards for program participation is essential.

In the wake of high-profile stories of alleged fraud and impropriety at some regional centers, Congress and the Administration have increased their focus on enhancing the integrity of the EB-5 program. This is welcome news. However, our industry can and must do more to ensure the trust of our investors and send a clear signal to would-be fraudsters that any actions that threaten the integrity and reputation of the EB-5 Regional Center will not be tolerated.

As Chair of IIUSA's Best Practices Committee, I am pleased that the trade association adopted a new Code of Ethics ("Code") and Standards of Professional Conduct ("Standards") that reflect the client-first approach for the industry. This work builds on IIUSA's existing industry best practices, continuing the organization's tradition of ensuring current policies are suitable for current market conditions, and prepared for future ones. See <https://iiusa.org/en/iiusa-approved-best-practices/> to learn more on this and to access these documents.

The principal purpose of IIUSA's new standards is to promote responsible, professional and ethical behavior to help protect the public and to reinforce the public's confidence in the EB-5 Program and EB-5 Regional Center industry.

These self-regulating procedures will increase transparency in the market and create clear communications between project sponsors, investment managers and foreign investors. The process is a mechanism for accountability and is not designed to replace any legal processes.

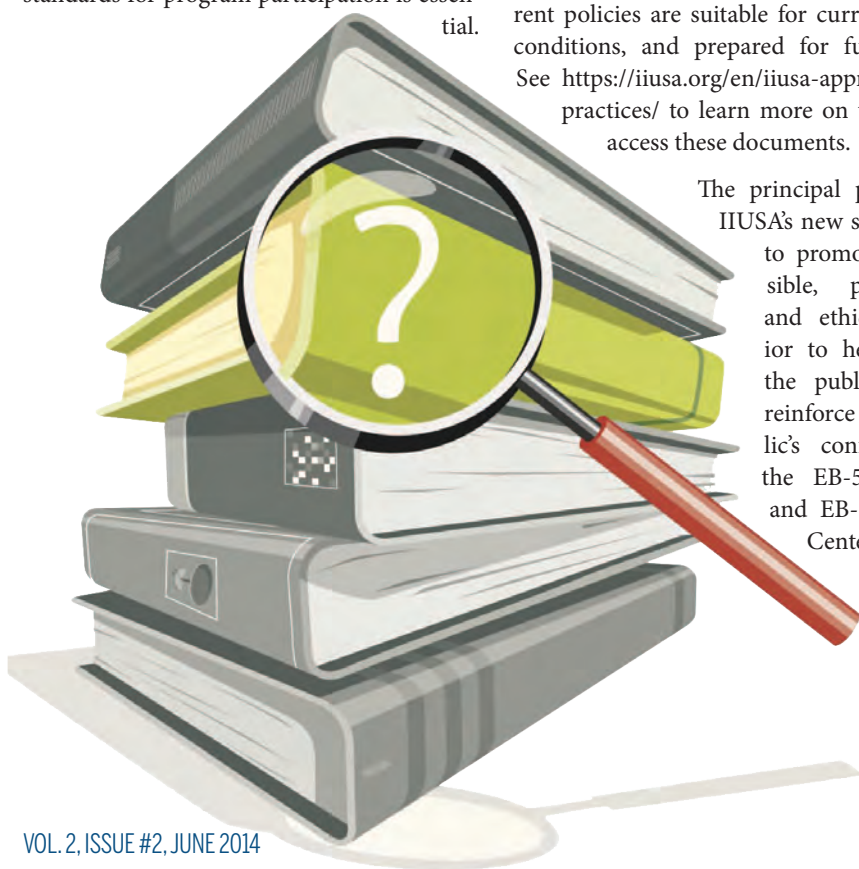
Clear communication is the underlying principle behind the ethics standards. In establishing an open communications process between all members and the Executive Director, the hope is that any alleged violations can be resolved professionally and without the use of membership sanctions. Therefore, IIUSA members are encouraged to first discuss and provide evidence of alleged violations directly with the individual or regional center they suspect. Many times, supposed violations are simply factual misunderstandings.

If the problem cannot be worked out directly, however, IIUSA's new standards include a process to file a complaint for market participants that observe bad acts or bad actors.

The process to lodge a complaint under the Code and Standards is as follows:

1. Put it in Writing: An individual must file a formal written complaint with the Executive Director and members of the IIUSA Board of Directors. IIUSA has created a "Code of Ethics and Standards of Professional Conduct Violation Complaint Form" to facilitate this process. The complaint should be as detailed as possible and refer-

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ence the Code and Standards section(s) alleged to have been violated. The complaint must also include the name, position, address, telephone number and signature of the author of the complaint. Complainants should be prepared to provide supplemental resources, if asked.

The Executive Director of IIUSA and the Chair of IIUSA's Best Practices Committee will then review the complaint in conjunction with outside counsel. Within 30 days of receipt of a complaint, IIUSA's Executive Director must determine if the complaint merits referral of the matter to a disinterested ad hoc panel for further investigation and possible sanctions.

2. Procedures are not a legal substitute:

These enforcement procedures are not a substitute for a court of law. The Board can defer any action on a complaint if there are current or pending related legal proceedings. Conversely, the Board may also report alleged violations to the proper authority or regulatory body.

3. Anyone may submit a complaint. Complaints may be submitted by IIUSA mem-

bers, non-member practitioners within the EB-5 Regional Center industry, and the public at-large.

4. Confidentiality. In order for this self-policing process to work, confidentiality is of the utmost importance. Prior to the imposition of sanctions by the Board, all proceedings for alleged violations of the Code and Standards shall be confidential within IIUSA.

IIUSA may disclose the pending complaint, status, and subject matter if:

- a. the respondent Member has waived confidentiality;
- b. the proceeding is based upon allegations that include either the conviction of a crime or discipline by a governmental agency with jurisdiction over the member;
- c. the proceeding is based upon allegations that have become generally known to the public; or
- d. there is a need to notify another person or organization in order to protect the

public or the administration of justice

e. as required by subpoena, court order, etc., provided that IIUSA's outside counsel confirms the material is responsive to the same and required to be disclosed.

The complaint process is one of several mechanisms established to ensure objectivity and fundamental fairness to all parties involved. During the association's annual conference, IIUSA leaders deputized participants to submit complaints if they saw noncompliant activity.

As the EB-5 industry matures and continues to grow, the program's regulatory infrastructure must also evolve in order to maintain the trust and confidence of all stakeholders, including investors, businesses, regulators, elected officials, and most importantly, the American public. IIUSA is proud to lead by example and understands that a strong Code of Ethics, and a clear complaint process will help strengthen the EB-5 industry. ■

PARTNERS in EB-5 EDUCATION, RESOURCES & ADVOCACY



Intro EB-5 Finance Course
August 12-13, 2014 Washington, DC

IIUSA EB-5 International Investment & Economic Development Forum
October 22-24, 2014 San Francisco, CA

CDFA National Development Finance Summit
November 18-21, 2014 Scottsdale, AZ

CDFA and IIUSA jointly provide specialized programming that supports the rapidly growing EB-5 Immigrant Investor Program. Together, we offer professional development, legislative advocacy, and organizational expertise to the development finance and economic development industries.

Hundreds of EB-5 specific headlines and resources available online:

www.cdfa.net

www.iiusa.org

BECOME A PROGRAM CHAMPION!
DONATE TO IIUSA'S EB-5 REGIONAL CENTER PROGRAM CHAMPIONS FUND!



Creating Jobs Through Investments

Voluntary contributions to IIUSA's EB-5 Regional Center Program Champion Fund Support IIUSA's Advocacy & Public Affairs Initiatives. With your support, IIUSA will commission additional economic studies to show the Program's economic impact down to the congressional district level – perhaps the most sought after advocacy tool today.

IIUSA also continues to build partnerships with like-minded independent global think tanks and interest groups on promoting the economic benefits of the EB-5 Program. Please help contribute to the development and success of the EB-5 Regional Center Program through your national trade association!

All Contributors to the EB-5 Regional Center Program Champion Fund will be recognized in IIUSA publications such as the *Regional Center Business Journal*. IUSA offers the following suggestion for voluntary contributions:

MEMBER TYPE:	SUGGESTED CONTRIBUTION:
Regional Center	\$500
Associate	\$250

For those industry leaders out there who are willing to give an enhanced amount will get equally enhanced recognition for their support in IIUSA's multi-platform publications:

CHAMPION TYPE:	MINIMUM CONTRIBUTION:
Regional Center	\$5,000
Associate	\$3,000

LUMINARY CONTRIBUTORS (\$5,000+)

ADF American Dream Fund, LLC
Los Angeles | Orlando | Las Vegas | Portland | EB-5 Regional Centers



LEGEND CONTRIBUTORS (\$3,000+)



ASSOCIATE CONTRIBUTORS

Global Law Group
 Ivener & Fullmer
 Elise Healy & Associates, PLLC
 Homeier & Law
 I A Donoso & Associates LLC

Contact IIUSA Marketing/Communications Coordinator Allen Wolff,
allen.wolff@iiousa.org for more info!





Online at:
www.pnwerc.org
investorrelations@pnwerc.org

Investing in a Greener America

The Trucking Industry is critical to the health of the U.S. economy. New emissions standards came into effect January 1, 2014. Recognizing the urgent need for environmentally compliant trucks, David Andersson, founder of WORC, established Pacific Northwest EB-5 Regional Center (PNWERC).

PNWERC will inject much-needed capital into the American trucking industry throughout its designated geographic region of Washington, Oregon, Idaho, and Montana. Opportunities for immigration through investment are **now available!**

Celebrating Past Success

As we advance into 2014, we look back with pride on WORC's achievements, which include not only a 100% approval rate on I-526 and I-829 petitions, but three vibrant job-creating retirement communities in Whatcom County, Washington. We congratulate our immigrant partners who have each realized their dream of living in America.

Looking Forward to the Future

We are excited about our expansion through PNWERC and to serving new immigrant investors with the same diligence and expertise that is a hallmark of our past projects.

Please contact us for more information



Pacific Northwest EB-5
Regional Center
www.pnwerc.org
investorrelations@pnwerc.org
360.201.3933



Green Truck I GP
www.greentruck.us
info@greentruck.us



Whatcom Opportunities
Regional Center
www.eb5worc.com
investorrelations@worc.biz



Twinning EB-5 with New Markets Tax Credits to Enhance Transaction Quality and Returns



BY MICHAEL FITZPATRICK

PARTNER, BAKER TILLY
VIRCHOW KRAUSE, LLP

Recently, project sponsors have combined New Markets Tax Credits (NMTC) with EB-5 financing in order to provide additional capital to help close a funding gap and/or reduce the need for leverage, which has strengthened the overall financing structure of the projects. While significant benefits to project sponsors can be achieved, several structuring challenges need to be overcome.

NMTC BACKGROUND

The NMTC program was enacted by the federal government in 2000 and is the first federal tax credit program to stimulate commercial investment in “low-income communities.” The program is overseen by the Com-

munity Development Financial Institutions (CDFI) Fund, an agency within the United States Department of Treasury. The CDFI Fund typically allocates \$3.5 billion of NMTC authority to Community Development Entities (CDEs) on an annual basis. These CDEs monetize the tax credits, using the proceeds to provide subsidized financing to qualified commercial projects that promote positive community impact. Although different standards, NMTC-qualified areas will typically overlap EB-5 Targeted Employment Areas (TEA).

After typical transaction costs, NMTC can fund approximately 20 percent of the capital stack of a project. The NMTC-subsidized financing can be subordinated to EB-5 funding and is usually structured as interest-only debt with an annual cost of approximately three to four percent and a seven-year term to match the NMTC compliance period. NMTC rules require all sources of project funding to close simultaneously with the NMTC funding co-mingled in the NMTC structure (see figure

1), with non-NMTC sources of funds used as “NMTC leverage.” At the end of the seventh year, the transaction unwinds (see figure 4), resulting in most or all of the NMTC capital permanently remaining with the project sponsor.

Unlike EB-5, where a Regional Center may raise EB-5 funding at will, a finite amount of NMTC is allocated to CDEs each year from the CDFI Fund, and accessing it is very competitive. Less than 25 percent of the CDE applicants submitting an application for annual NMTC allocation authority are successful. Similarly, projects compete amongst each other for NMTC allocation from CDEs, as there are more projects seeking allocation than available. CDEs are free to allocate their limited NMTC resources to any qualified project within their service area that they deem worthy and are free to prioritize projects based on their business plan. A common element that all CDEs evaluate are the distress levels of the community and the projected

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Bringing together a sound investment that facilitates impactful economic development takes clear vision. When you work with Baker Tilly, our corporate finance specialists partner with our international tax professionals to provide you clear, holistic insight on conducting EB-5 investment offerings and risk mitigation strategies. As the largest North American member of Baker Tilly International, a global network of high quality, independent accounting and financial services firms, we provide clients with a world of resources and local expertise.

Connect with us: bakertilly.com

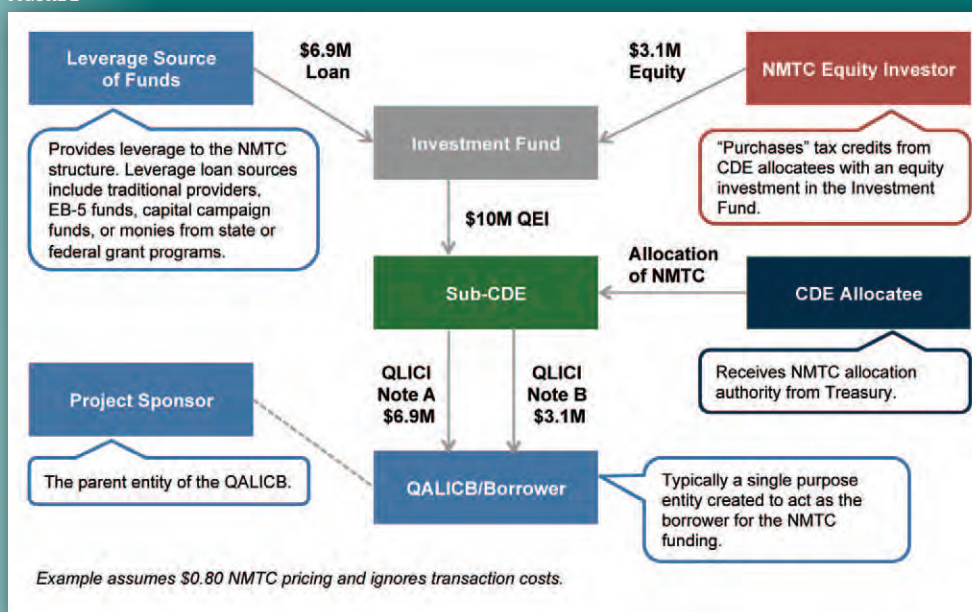
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FIGURE 1



community impact of the project, which is typically measured by job creation, the provision of unmet goods and services to the low-income community, environmentally sustainable outcomes, community support, and the potential for the project to be a catalyst for additional investment in the community. In addition, CDEs focus on financing impactful projects that are unable to obtain full funding through traditional sources of financing, making NMTC highly compatible with EB-5. Qualified projects must be located in low-income communities, which are defined by census tract information found using online mapping tools. Due to the complexity and economics of an NMTC transaction, projects with total costs of \$6 million or more are most suitable.

SIMILARITIES OF EB-5 AND NMTC

A primary objective of both programs is to create jobs in distressed communities. While there are no specific job creation metrics for obtaining NMTC, providing evidence of job creation and other community benefits is important to persuading a CDE to allocate a portion of its NMTC to a project. In addition, both EB-5 and NMTC fund projects that have a gap in financing or are unable to fully fund with traditional sources of capital. Both programs provide underwriting that is more flex-

ible than conventional financing and allows these projects to move forward. Additionally, NMTC can be used to cover costs that are ineligible under the EB-5 program, such as loan origination fees and construction period interest.

TRANSACTION STRUCTURES

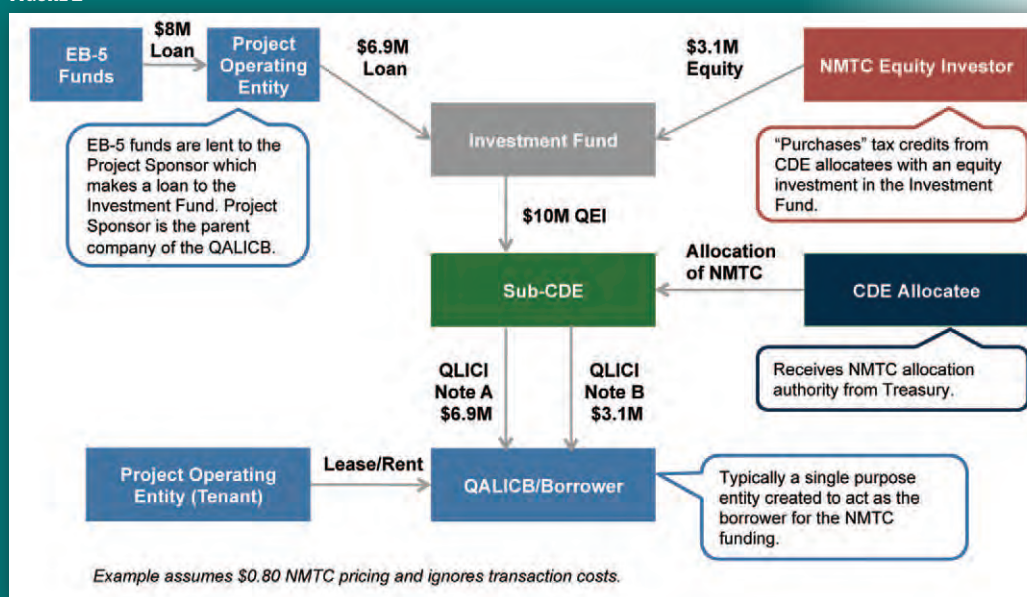
Structuring a transaction to be NMTC compliant requires some creativity to address the needs of all of the stakeholders. Figure 1 depicts a typical NMTC structure. In order for the tax credit generated by NMTC to flow to the party purchasing the tax credit, the "purchase price" is structured as an eq-

uity investment into a newly created "Investment Fund." The Investment Fund is required to make a Qualified Equity Investment (QEI) in an amount equal to the amount of NMTC allocated by the CDE. Since the NMTC is 39 percent of the allocation amount, and purchased at a present-value discount, the Investment Fund needs additional capitalization from another source to fully fund the QEI; this additional capitalization is referred to as the "leverage loan." The leverage loan can come from multiple sources and from any traditional source of project funding, including EB-5 monies. The QEI flows from the Investment Fund as an equity investment into a special-purpose entity formed for the specific project by the CDE (this entity is known as a subsidiary CDE or Sub-CDE). The Sub-CDE then makes a Qualified

Low Income Community Investment (QLICI), which is typically depicted as an "A Note" [the source(s) of leverage] and a "B Note" (the NMTC proceeds, net of CDE fees).

Figure 2 depicts a slight twist on the basic structure, where the EB-5 funds are structured as a loan to the operating entity of the project sponsor, which makes the leverage loan with the resulting QLICI flowing into a special purpose entity that will hold the real estate project and lease it to the operating company. In this example, the EB-5 project is a lender to the NMTC structure and a tenant of the Qualified Active Low Income Busi-

FIGURE 2



ness (QALICB), where it can pledge a leasehold mortgage to secure the EB-5 loan.

Figure 3 depicts another variation where the sponsor funds the leverage using a bank loan and its own capital, with the resulting QLICI structured as subordinated debt with the EB-5 financing taking a first lien position.

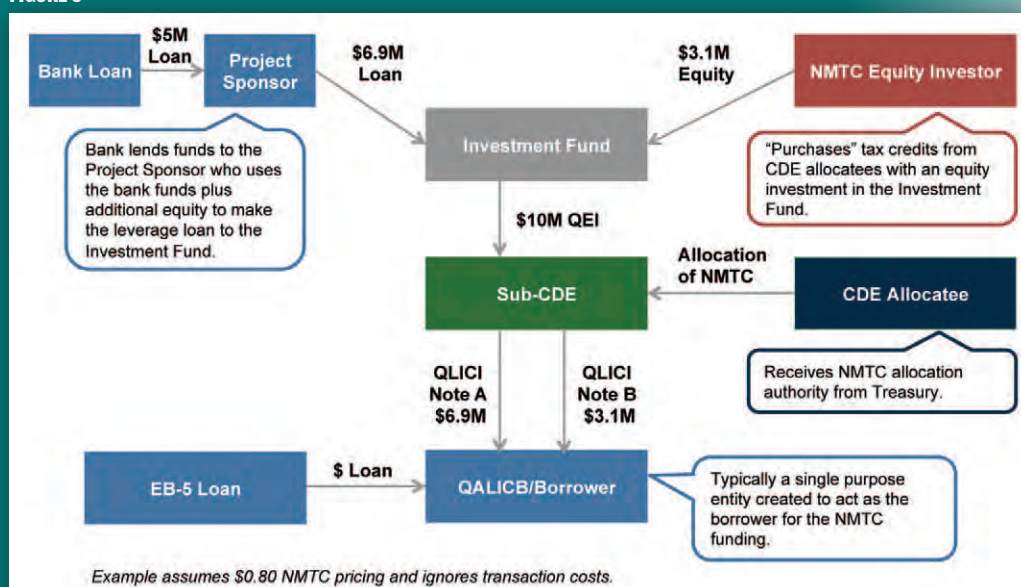
Figure 4 depicts the unwinding of the basic NMTC structure. At the completion of the seven-year compliance period, the unwinding will typically follow the process below:

- The Sub-CDE will distribute its assets (the A & B Notes) to the Investment Fund in exchange for the Investment Fund's ownership in the Sub-CDE, resulting in no assets or equity remaining in the Sub-CDE. The Sub-CDE is eliminated from the structure.
- The Investment Fund now consists of the A & B Notes as its assets and loan(s) payable to the leverage source(s). At the original closing of the transaction, the project sponsor (or its designee) entered into Put & Call Agreements with the NMTC Investor. The Investor is expected to exercise its put and sell its ownership in the Investment Fund to the sponsor for a nominal amount (typically \$1,000). The result is that a party related to the project owns the A and B Notes, with a corresponding note(s) payable to the leverage source(s).
- Typically, the project will refinance the QLICI A Note and repay the Investment Fund, which will use the proceeds to repay the leverage source(s), with the remaining B Note canceled for tax purposes since it is held by a related party. If the QALICB/Borrower is a for-profit entity, then the cancellation of the B-Note will have income tax ramifications that should be reviewed by a CPA.

CHALLENGES OF TWINNING EB-5 AND NMTC

Twinning the two programs comes with some challenges. The first challenge is the timing associated with the closing and drawing of funds. The NMTC program requires all sources of funds present at closing, as the QEI must be funded fully in cash at closing for the tax credits to flow to the investor. On the other

FIGURE 3



er hand, it is customary for EB-5 funds to be drawn from escrow as investors are approved by USCIS. Complicating this challenge is the difference in the investment horizon, where EB-5 terms are five years as a matter of market practice, while NMTC has a seven-year compliance period. With careful planning before the EB-5 offering is drafted, these challenges can be overcome with the use of bridge funding and/or creative transaction structuring.

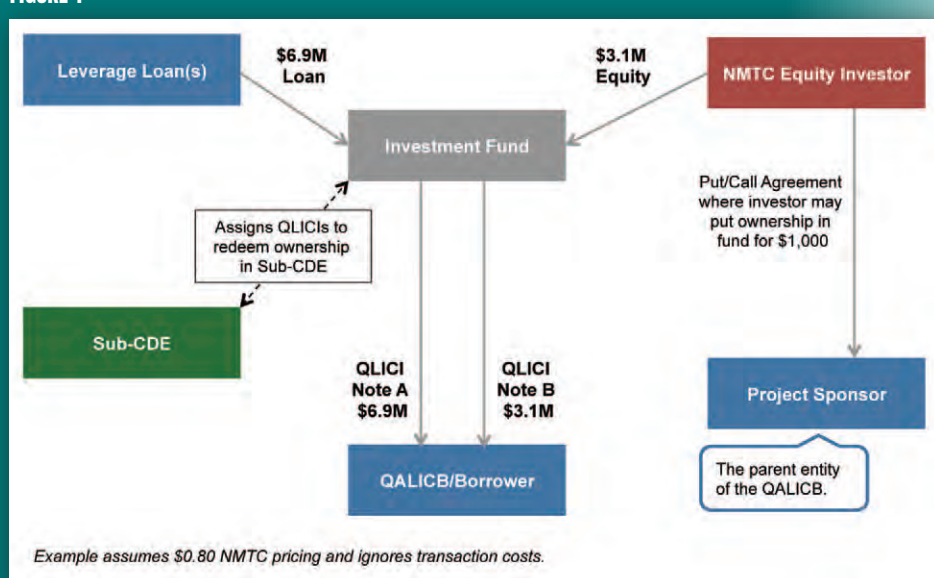
An additional complication includes achieving the desired collateral position for the EB-5 investor, while also meeting the structuring requirements imposed in order to receive the NMTC tax opinion. While adding complication, early and careful planning with transaction professionals specializing in

NMTC and EB-5 can result in achieving both objectives.

SUCCESSFUL TWINNING OF NMTC AND EB-5

While twinning the programs does create some complication, numerous transactions have successfully used EB-5 and NMTC together to realize the full benefits of two powerful programs. The combination of the two incentives creates a stronger investment opportunity, benefiting the sponsor and EB-5 investor; however, it is important for a project to determine NMTC and EB-5 twinning feasibility early and to incorporate the proper structure and disclosures into its offering memorandum. ■

FIGURE 4



VOTED #1 *
IMMIGRATION LAWYER
2010 - 2014



Bernard P. Wolfsdorf
EB-5 IMMIGRATION SPECIALIST

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Impact of the Emergence of Broker-Dealers in EB-5 on Escrow and Fund Administration by Regional Center



CHERYLA. LANE, CPA, MBA

PRESIDENT, FOUNDER
CHRYSLIS CAPITAL



REID THOMAS

EXECUTIVE VICE PRESIDENT,
NES FINANCIAL

If you are considering engaging a Broker-Dealer for your next project, be sure to set up your offering to be compliant for that option.

Over the last year in EB-5, there has been a consistent drumbeat of increasing oversight from the SEC and USCIS to ensure compliance with regulations. This trend is good for the industry overall, and is leading toward the deployment in EB-5 of some best practices originally developed in support of more traditional investment funds.

At the quarterly EB-5 stakeholders meeting on April 3, 2013, and again at the May, 2014 IIUSA Advocacy Conference, the SEC division responsible for overseeing and enforcing US federal securities laws reaffirmed that US securities laws apply to EB-5 offerings. The traditional exemptions (Reg. D and Reg. S) used within the EB-5 industry are still valid, of course, and are used by most EB-5 Issuers. However, since the SEC has made clear its position on the topic, there has been an increasing trend toward the use of Broker-Dealers by EB-5 Issuers.

While Regional Centers are becoming much more aware of the compliance benefits of using Broker-Dealers, the rules that apply to Broker-Dealers and the ways they impact EB-5 projects are not well understood. These rules affect how offerings are structured, the banking relationships used, and how funds are escrowed and administered. Specifically, SEC Rules 10b-9 and 15c2-4 have implications in these areas.

Broker-Dealers are subject to both FINRA and SEC rules. There are several categories of Broker-Dealers based upon the amount of net capital the SEC requires them to maintain. The type of Broker-Dealer that is most commonly involved in marketing Direct Participation Programs (“DPPs”) like EB-5 Regional Centers are those with a \$5,000 net capital requirement. DPPs are generally sold in a “Best Efforts” offering, the form typically utilized in an EB-5 offering.

Rule 15c2-4 under the Securities Exchange Act of 1934 sets out the rules governing how investor funds are to be handled for “Best Efforts” offerings by Broker-Dealers. The rules for certain other “Best Efforts” issuances are described in Rule 10b-9.

When a Regional Center decides to use a Broker-Dealer, they will most likely use a DPP type who will require changes to the customary structure of a Regional Center offering as it relates to the collection of the marketing fees for the issuance of their interests as well as changes to their escrow arrangements.

Failure to comply with Rule 15c2-4 constitutes a “fraudulent, deceptive or manipulative act or practice” for the Broker-Dealers participating in the distribution of the RC’s subscription units. So, the Broker-Dealer will insist on compliance with this rule and on applying the suggestions found in Notice to Members (“NTM”) 84-64 and 87-61 published originally by the NASD (now known as FINRA) as guidelines for its Broker-Dealer members.

There are two parts of SEC Rule 15c2-4 that have a direct impact on EB-5 projects, in particular those offerings where the delivery of payment will not be made until a further event or contingency occurs (Rule 15c2-4(b)).

The first condition is that money received for the subscription of the interests must be deposited into a bank trust or escrow account with a written agreement that the bank will promptly either (a) transmit the funds to the appropriate people when the contingencies of the offering have been met, or (b) return the funds to the investors in the event the contingencies have not been met. Though not technically required by the Rule, custom and usage in the EB-5 industry has made it now typical that, mechanically, all subscription funds are made payable to the escrow agent (the bank) on behalf of or in connection with a particular EB-5 Issuer, and not directly to the Issuer or Broker-Dealer.

While the EB-5 Program itself has no requirement for an EB-5 Issuer to escrow funds, long-standing custom and usage in the EB-5 industry impels that investors’ funds be (and so they typically are) escrowed, although not necessarily with a bank as the escrow agent. Adding in Broker-Dealer involvement raises the bar by Rule 15c2-4’s requirement that escrow be used where delivery of funds will be contingent upon an event (such as USCIS adjudication), and more specifically in such cases, with a depository escrow agent that is a bank unaffiliated with the Issuer or the Broker-Dealer.

CONTINUED ON NEXT PAGE >>



SEC Rule 10b-9, which applies to “any person, directly or indirectly” connected with the offering of or sale of a security, requires that in an offering where the securities are being offered on an “all or none” basis, or on the basis that a certain amount of securities must be sold (i.e., a minimum offering amount), then all of the consideration paid for a security must be promptly refunded to the purchaser if the specified number of interests is not sold at the specified price by the specified date.

Historically, we have seen the proceeds for interests in EB-5 projects divided into two separate amounts: (1) the price of the interest itself (usually \$500,000) that will be deposited into an escrow account, and (2) an administration fee that may or may not be deposited into an escrow account. The administration fee is an additional cost to the investor that is usually paid to compensate the Issuer for expenses associated with marketing the project’s interests to foreign investors. If the capital raise does not reach the stated minimum amount (in an offering with such), or if the investor is denied by USCIS, the escrow agent will be required to return the \$500,000 portion of the investors’ cost. However, the entire administrative fee may or may not be refunded, in whole or in part, as described in the offering memorandum.

Best Efforts offerings that include a Broker-

Dealer will look different than this customary structure. When a Broker-Dealer participates in the capital raise for an EB-5 project, the cost of the interest will be “grossed up” to include both the real cost an investor will incur to acquire his interest and the administrative fee. The entire amount will be promptly deposited into the bank escrow account that was set up for the benefit of the investors. If the offering has a minimum or other condition, such as a specific closing date, and has successfully sold all or the minimum amount of the offering’s interests by the specified time, the bank will distribute the funds to the Issuer less the fee that will be paid as compensation to the Broker-Dealer (which will include sums received by the Broker-Dealer but to be paid to other agents). Otherwise, if the offering does not reach its minimum offering amount or its “all or none” requirement by the date specified in the offering, the entire amount will be returned to the investors. The bank also may not put a lien on the investor funds for payment of its fees before the minimum is met.

The second condition of SEC Rule 15c2-4 that must be met has to do with whether the receipt of funds is contingent, in which case the subscription amount must be promptly deposited in the bank escrow or trust account. It is also a “fraudulent, deceptive, or manipulative act or practice” for a Broker-Dealer participating in a “Best Efforts” distri-

bution of securities to itself “accept any part of the sale price of any security being distributed” unless the money received is promptly deposited into an account like the one described above that was set up on behalf of the investors.

In view of the consequences to the Broker-Dealer for failure to comply with the provisions of SEC Rule 15c2-4, the Broker-Dealer will most certainly want to exercise control over or input as to the timing of investor deposits as well as the timing for the release of funds from the bank’s escrow account. FINRA has provided its members with guidelines on how to meet Rule 15c2-4’s “promptly deposit” requirement, and with sample escrow agreement language that will help the Broker-Dealer and the escrow agent comply with Rule 15c2-4.

FINRA NTM 84-64 provides acceptable procedures and time limits that will meet the requirements for prompt payment and prompt deposit. FINRA NTM 87-61 provides suggested Escrow Agreement Provisions for Members’ compliance with SEC Rule 15c2-4, which includes the underwriting Broker-Dealer as one of the parties to the escrow agreement.

The depository bank may invest escrowed funds in only very limited types of investments. Also, the bank may not invest funds in any type of investment whose maturity date is past the anticipated contingency occurrence date, unless the investments can readily be disposed of for cash by the time the contingency occurs. Such investment income may properly be paid to the Broker-Dealer, the Issuer, or the purchaser. Investor escrows are not required to pay interest to the investors while their funds were on deposit. However, where this is the case, appropriate disclosure should be made in the offering document. FINRA will consider any interest paid to the Broker-Dealer as additional compensation.

These rules apply when a Broker-Dealer is being used in an offering. The SEC and FINRA implemented these rules for the protection of investors. Complying with these rules and protecting investors in EB-5 transactions is in the best interest of everyone in our industry. Whether the use of a Broker-Dealer is envisioned at the beginning of a project or not, care should be taken from the onset to avoid a structure that prohibits this flexibility in the future. Understanding the rules and their implications is the first step. ■



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IIUSA is excited to officially announce our **2014 EB-5 International Investment & Economic Development Forum**, to be held Wednesday October 22nd to Friday October 24th at The Westin St. Francis on Union Square in San Francisco. It is the ideal location to welcome our international partners to one of the most beautiful cities in the U.S. to attend the annual event that has become the industry gathering of the year since its inception in 2011.

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2013 Regional Center Approval Letters

BY SUZANNE LAZICKI

LUCID PROFESSIONAL WRITING

In response to a request under the Freedom of Information Act (FOIA), IIUSA has obtained 206 regional center approval letters authored by USCIS from November 2012 to

December 2013. These letters cover an eventful period during which USCIS issued Operational Guidance for EB-5 Cases Involving Tenant Occupancy, opened the Immigrant Investor Program Office in Washington DC, published the May 30 2013 EB-5 Adjudica-

tions Policy Memorandum, and ramped up I-924 processing, nearly doubling the number of regional centers. The letters issued during this period reflect USCIS processing changes and the diversity of regional center approvals in 2013.

CHARACTERISTICS OF REGIONAL CENTER APPROVALS REFLECTED IN USCIS REGIONAL CENTER DESIGNATION LETTERS DATED NOVEMBER 7, 2012 TO DECEMBER 12, 2013 (FOIA FILE COW2013000837)

APPROVAL TYPES 11/2012 TO 12/2013

Number of unique letters in FOIA file COW2013000837: 206 letters

Number of initial designations: 181

- Initial designations based on hypothetical projects: 154 (85%)
- Initial designations including actual project and Exemplar I-526 approval: 23 (13%)
- Initial designations including actual project approval but no Exemplar I-526: 4 (2%)

Number of amendment request approvals, including actual and hypothetical: 25

PROCESSING TRENDS 11/2012 TO 12/2013

Processing times for Regional Center approvals dated 11/2012 to 12/2013

- Average time for initial designation: 20 months
- Average time for amendment approval: 15 months
- Range of processing times for designations

Number of initial approvals specifying areas that fall within the following US regions defined by the Bureau of Economic Analysis:

- Far West: 55 (30%)
- Southeast: 50 (28%)
- Southwest: 23 (13%)
- Mideast: 22 (12%)
- Great Lakes: 12 (7%)

based on hypothetical projects: 3 to 41 months

- Range of processing times for designations including actual project approval: 6 to 36 months

Of 206 approvals during the 14-month period, 150 (73%) were issued in the second half of the period (after the May 30th policy memo).

GEOGRAPHIC SCOPE OF INITIAL DESIGNATIONS 11/2012 TO 12/2013

Number of initial approvals that include:

- Geographic area defined by county: 161 (89%)
- Geographic area with 5 or fewer counties: 93 (51%)
- Geographic area with 20+ counties: 42 (23%)
- Approved counties spanning multiple states: 33 (18%)
- The whole of one or more states: 18 (10%)

- New England: 7 (4%)
- Rocky Mountain: 4 (2%)
- Commonwealth: 4 (2%)
- Plains: 3 (2%)



APPROVED

INDUSTRY SCOPE OF INITIAL DESIGNATIONS 11/2012 TO 12/2013

Number of initial approvals that include:

- Five or fewer industry categories: 137 (76%)
- Six to ten industry categories: 31 (17%)
- Eleven to twenty-four industry categories: 11 (6%)
- Number of initial approvals including the following industries (not exclusive):
- Building construction: 149 (82%)
- Hotels/hospitality: 71 (39%)
- Assisted living or other healthcare facility: 25 (14%)
- Industries associated with commercial tenants: 22 (12%)
- Manufacturing: 14 (8%)

Other categories include energy, mining, logistics, agriculture, motion pictures, schools, restaurants, consulting, call centers, IT, auto repair, infrastructure, waste treatment, ecommerce (total <10%)

ECONOMIC METHODOLOGIES SPECIFIED IN DESIGNATION LETTERS DATED 11/2012 TO 12/2013

Number of initial approval letters that specify an economic model: 65

Number of initial approvals that specify the following:

Model

- RIMS II: 32
- IMPLAN: 17
- REDYN: 12
- Other: 4

Inputs (not exclusive)

- Expenditures: 53
- Revenue: 37
- Direct jobs: 18
- Visitor spending: 2
- Direct jobs (tenants): 1

Designation letters from November 2012 to December 2013 show many revisions to the boilerplate template and language. Generally, the letters indicate a trend to define regional center designation more flexibly. The early letters state that an amendment would be required to add investment opportunities outside of the approved geographic area and industry categories, while an accompanying information sheet stipulates that “the capital investment and job creation activities outlined in the Form I-526 (and Form I-829 as applicable) must fall within the parameters of the final economic analysis submitted as

part of the previously approved Regional Center designation.” By the end of the year, the approval letters without actual projects no longer require consistency with any particular project or economic model, no longer indicate that the lists of counties or industries in the letter are exclusive, and no longer state that Form I-526s filed under the regional center need to fall within any certain parameters of the designation. In fact, “hypothetical” letters by the end of 2013 define designation primarily by what it is not: it is not a promise of deference to I-526 Petitions, not a set of limiting parameters, not a representation

regarding document compliance, and not an endorsement by USCIS. Meanwhile, designations that include actual project approval reflect a shifting approach to deference. The early letters state that deference will be given to a specific set of named documents, provided that no revisions are made when filing with subsequent I-526 petitions. Later letters state that approval is based on a set of identified inputs to the job creation model and that deference will be granted at the I-526 stage provided that the inputs remain materially unchanged. ■

Stayed tuned for an in-depth analysis on Regional Center approvals, complete with infographics, to be posted on the IIUSA blog (www.iiusa.org/blog)



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RETURN OF CAPITAL

Group A (2.25 years early)

Group B (early)

Group I (early 3rd Quarter 2014)

I-526 APPROVALS

Group A
Group B
Group I
Group II
Group III
Group IV
Group V
Group VI-A
Group VI-B
Group VI-C
Group VII
Group VIII
Group IX
Group X
Group XI
Group XII
Group XIII
Group XIV
Group XV
Group XVIII
Group XX
Group XXI
Group XXIV
Group XXV

I-829 APPROVALS

Group A
Group B
Group I
Group II
Group III
Group IV
Group V
Group VI-A
(Pending Adjudication)
Group VI-B
(Pending Adjudication)
Group VI-C
(Pending Adjudication)



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Targeted Employment Area Data Changes



BY PAUL SCHEUREN

IMPACT DATASOURCE

Changes to data used in unemployment calculations may have significant impacts on ability to qualify as a Targeted Employment Area (TEA)

On April 18, 2014, the Bureau of Labor Statistics (BLS) released the final 2013 annual unemployment rates for counties and other geographic areas. For many states, these annual data serve as one key component of their TEA calculations and many states have or may soon update their calculations to reflect the recently finalized 2013 labor force data. At the same time, states like California and Illinois have also updated another key component of the census tract-level unemployment

calculation; they have transitioned from 2000 Census data to more recent American Community Survey (ACS) data. While previous year-to-year changes in census tract unemployment estimates had been relatively minor, the transition from 2000 Census data to ACS data may result in significant changes to local area unemployment estimates and could have potential negative consequences for planned EB-5 projects.

PRIMER ON THE CENSUS-SHARE CALCULATION

Targeted employment area determinations typically rely on the most recent annual average unemployment rates published by the BLS. In practice, targeted employment area determinations are commonly made at the census tract level. However, the census tract is a smaller geographic area than what the BLS reports in its Local Area Unemployment

Statistics program, thus requiring supplementary data to be used jointly with the BLS data to estimate the unemployment rates for these smaller areas. The method used is called the “census-share calculation” and relies on two data components: (1) the aforementioned most recent annual average unemployment data from BLS for a larger geographic area (such as a county) and (2) previously collected unemployment data for a subarea (such as a census tract). The census-share method uses a census tract’s share of employment and unemployment, respectively, to disaggregate the current BLS estimates of employment and unemployment for the larger geographic area.

To illustrate the census-share calculation, consider Census Tract 53 in San Diego County. According to the 2000 Census, the tract accounted for 0.12% of the county’s employment and 0.21% of the county’s unemployment.

TABLE 1: EMPLOYMENT & UNEMPLOYMENT SHARES BASED ON THE 2000 CENSUS

	EMPLOYMENT	UNEMPLOYMENT	UNEMPLOYMENT RATE
Census Tract 53 (2000 Census)	1,530	166	9.8%
San Diego County (2000 Census)	1,241,258	78,259	5.9%
Census Tract 53 Share	0.1233%	0.2121%	

These shares calculated from the 2000 Census can then be applied to the newly released 2013 annual unemployment data from the BLS to determine the census-share estimate of unemployment for Census Tract 53. The table below shows the result of these calculations and reveals the unemployment rate in Census Tract 53 to be 12.3% for 2013 when relying on 2000 Census data.

TABLE 2: CENSUS-SHARE ESTIMATE BASED ON 2013 BLS ANNUAL UNEMPLOYMENT AND THE 2000 CENSUS

	EMPLOYED	UNEMPLOYED	UNEMPLOYMENT RATE
Census Tract 53 (2000 Census)	1,470,029	120,009	7.5%
Census Tract 53 Share	0.1233%	0.2121%	
Census Tract 53	1,812	255	12.3%

The 2000 Census is one acceptable source of census-tract level data used to calculate employment and unemployment shares. However, the most recent source of employment and unemployment data for subareas such as census tracts is the ACS. The ACS began in 2005

and replaced the long form questionnaire component of the decennial census that previously provided these data. The May 30, 2013 Policy Memorandum from USCIS indicated the Service would accept ACS data for the purposes of calculating TEA unemployment.

As a result, some states have switched from the 2000 Census to the ACS as the source for calculating employment and unemployment shares at the census tract level.

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TRANSITION TO THE AMERICAN COMMUNITY SURVEY

Prior to May 1, 2014, the State of California, for example, used data from the 2000 Census as the basis for its census tract employment and unemployment shares. But it has now transitioned to the ACS 2007–11 data for this component.

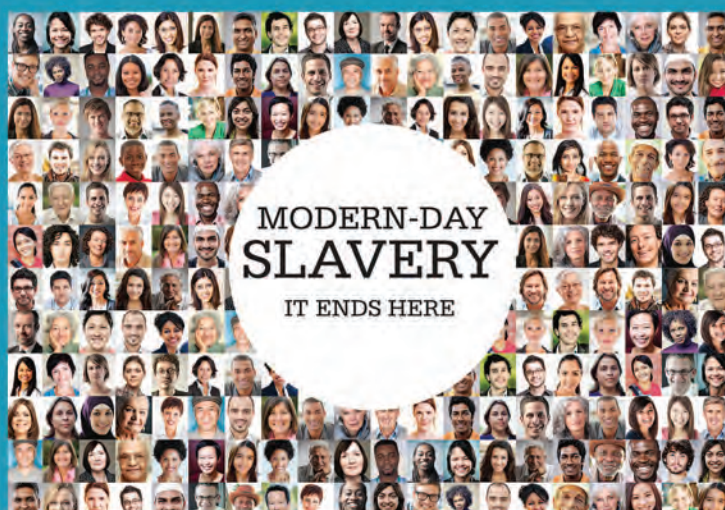
TABLE 3: STATE OF CALIFORNIA CENSUS-SHARE DATA SOURCES

PERIOD	DATA COMPONENT #1 CURRENT UNEMPLOYMENT DATA—LARGER GEOGRAPHY E.G. COUNTY	DATA COMPONENT #2 PREVIOUSLY COLLECTED UNEMPLOYMENT DATA—SUBAREA E.G. CENSUS TRACT
May 2014 to April 2015	2013 Annual BLS County Unemployment	American Community Survey (2007–11)
May 2013 to April 2014	2012 Annual BLS County Unemployment	2000 Census
May 2012 to April 2013	2011 Annual BLS County Unemployment	2000 Census

The census-share calculation described earlier for Census Tract 53 in San Diego County, relying on the 2000 Census, does not reflect the current method used by California. The tables below repeat the census-share calculation for Census Tract 53 but uses ACS data as the basis for the calculation of employment and unemployment shares, consistent with California's current methodology. Now, according to the ACS (2007–11), the tract accounts for 0.16% of the county's employment and 0.04% of the county's unemployment.

TABLE 4: EMPLOYMENT & UNEMPLOYMENT SHARES BASED ON THE AMERICAN COMMUNITY SURVEY (2007–11)

	EMPLOYMENT	UNEMPLOYMENT	UNEMPLOYMENT RATE
Census Tract 53 (ACS 2007–11)	2,279	55	2.4%
San Diego County (ACS 2007–11)	1,382,856	135,379	8.9%
Census Tract 53 Share	0.1648%	0.0406%	



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Contact Wendy Santana at 213.365.0671 or wendy@castla.org

The ACS-derived ratios are then applied to the same 2013 annual unemployment data from the BLS for San Diego County to determine the census-share estimate of unemployment for Census Tract 53. The table below shows the result of the census-share calculation using ACS data and reveals that the unemployment rate in Census Tract 53 is 2.0% for 2013 when relying on ACS data.

TABLE 5: CENSUS-SHARE ESTIMATE BASED ON 2013 BLS ANNUAL UNEMPLOYMENT AND THE AMERICAN COMMUNITY SURVEY (2007–11)

	EMPLOYED	UNEMPLOYED	UNEMPLOYMENT RATE
San Diego County (BLS 2013)	1,470,029	120,009	7.5%
Census Tract 53 Share	0.1648%	0.0406%	
Census Tract 53	2,423	49	2.0%

WHAT DOES THIS MEAN AND HOW WILL IT AFFECT A PLANNED EB-5 PROJECT?

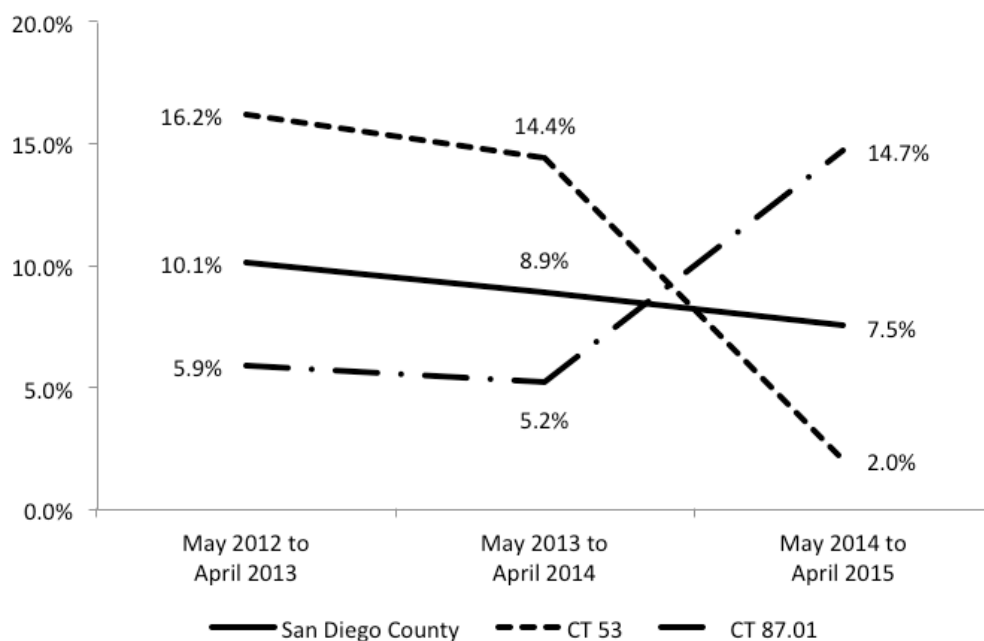
In one sense, estimating census tract unemployment using ACS data will be more reflective of the current unemployment trends in an area and will more accurately identify areas of high unemployment as they stand today. However, in the transition from 2000 Census data to ACS data, local area unemployment estimates may change significantly, meaning a site that previously qualified as a high unemployment area TEA may no longer qualify. Conversely, this transition may allow a site that did not previously qualify as a TEA to now be TEA-eligible. Possibly, the transition may have no effect on a site's TEA-eligibility.

Notice in the above graphic how all three unemployment rates fall by approximately 12% from the 2012–13 period to the 2013–14 period but the census tract unemployment rates change significantly and in opposite directions from the 2013–14 period to 2014–15 period as a result of the transition to the ACS data.

SUMMARY

Each state has its own process and methodology for designating TEAs, some of which have or may soon change significantly. To perform the proper due diligence, new poten-

FIGURE 1: CHANGES IN SELECTED UNEMPLOYMENT RATES FROM 2012 TO PRESENT



tial EB-5 project sites should be analyzed for TEA-eligibility based on how the state plans to designate TEAs going forward.

Furthermore, on the February 26, 2014 USCIS Stakeholder Meeting Call, USCIS specifically mentioned outdated TEA letters as a persistent problem with I-526 petitions. For the parties involved in an existing EB-5 project that may have concerns that the project's TEA designation has or will become outdated by the time any of the individual immigrant investments are made, or by time the investors' I-526 petitions are submitted, it would

be prudent to discuss the matter with the project's EB-5 attorney.

Additionally, depending on specifics of investor timing, it may also be wise to enlist an economist experienced with TEAs to review the site for the likelihood that the location remains or will remain TEA-eligible, taking into account any changes a state has or might be making the next time they update their TEA data, if known. In general, most state agencies are approachable and will provide information on their current processes, and also how they intend to designate TEAs in the future. ■

P 3 C

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Latest I-829 Data by Country Reveals Trends for Successful EB-5 Investors



BY LEE LI

IIUSA POLICY ANALYST

In order to provide ongoing comprehensive intelligence on the state of the EB-5 industry, IIUSA continues to obtain information via FOIA (Freedom of Information Act) requests to shine a light on market forces and government efficiency in handling cases. Most recently, IIUSA obtained a data report, prepared by the USCIS Office of Performance and Quality (OPQ), which categorized I-829 approvals by the investor's country of birth for each fiscal year from FY1995 through Q2 of FY2014.

I-829 approval figures not only correspond to the number of EB-5 investors who succeed in obtaining a permanent green card, but also indicate the number of jobs and the amount of foreign capital that have been successfully created by the EB-5 Program. This comprehensive dataset illuminates these trends.

Specifically, the number of I-829 petition approved by year and the investor's country of birth reveals the emergence of the EB-5 industry over the past five years. The total number of

I-829 approvals from fiscal years 1995 to 2008 totaled only 217. However, from fiscal years 2009 through Q2 of 2014, we have seen a 1364% increase with the approval of 3,177 petitions.

In addition, the dataset illustrates shifts in the EB-5 industry in terms of the country of origin of successful EB-5 investors. While People's Republic of China (Mainland China) only accounted for 13% of all I-829 approvals in the pre-recession period, its market share increased to 41% in the past 5 years, with an outstanding growth rate that is three times the industry average I-829 approvals growth rate during the same period. South Korea has provided the second greatest amount of successful EB-5 investors since the Program began in 1990 and even slightly increased its market share from 16% before 2009 to 24% of total I-829 approvals since. The United Kingdom ranks in third place in the post-recession period (increasing substantially since 2008), accounting for 6% of total I-829 approvals in the past five years. Taiwan, in contrast, has seen its market share diminish from 29% of total successful EB-5 investors in the pre-recession period to only 5% after 2008. Although India has kept its place in the top five countries that have the greatest amount of successful EB-5 investors overall, its growth is below the average level of the entire EB-5 industry.

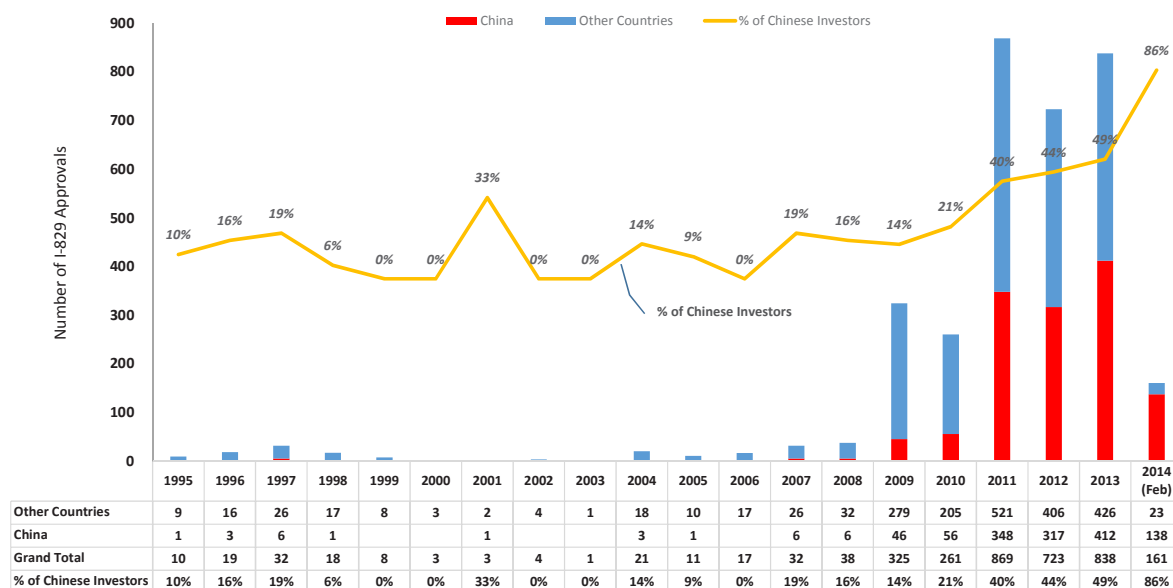
This comprehensive dataset also shows some emerging countries that have proven formidable in the past five years regarding I-829 approvals. Iran, ranking in fifth place in total I-829 approvals in the post-recession period, has the highest growth rate of successful EB-5 investors over the past five years. Additionally, Mexico, Russia, Brazil, and Venezuela also have seen growth rates of I-829 approvals that exceed the industry average level in the post-recession period.

Without a doubt, the I-829 approval figures represented in this dataset convey, more so than any other time in history, that the EB-5 Program is delivering on its promise of job creation and economic development in America at no cost to the taxpayer. However, equally as compelling are the individual stories of thousands of immigrants who are now able to fulfill their ambitions of moving with their families to this country to live out their American dreams and become proud contributors to U.S. communities.

The following charts illustrate the source of successful EB-5 investors by the latest dataset of I-829 approvals by country of birth by fiscal year from 1995 through the second quarter of 2014. The complete dataset is exclusively available to IIUSA members through the All Access Pass.

I-829 PETITION APPROVAL TRENDS BY COUNTRY OF INVESTOR ORIGIN

FIGURE 1: MAINLAND CHINA AS A SOURCE OF I-829 APPROVAL PETITIONS, FY1995-2014* (FEBRUARY)



*Note: 2014 represents a partial fiscal year from 10/1/2013 to 02/10/2014

CONTINUED ON NEXT PAGE >>

MARKET SHARE OF COUNTIES OF ORIGIN FOR SUCCESSFUL EB-5 INVESTORS, PRE- AND POST-RECESSION

FIGURE2A: I-829 APPROVALS BY INVESTOR'S COUNTRY OF BIRTH, FY1995-2008

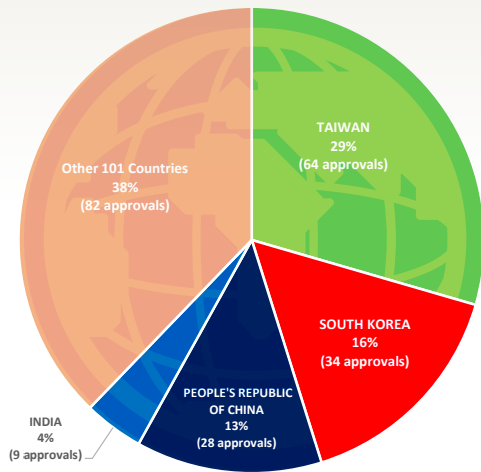


FIGURE2B: I-829 APPROVALS BY INVESTOR'S COUNTRY OF BIRTH, FY2009-2014 (FEB)

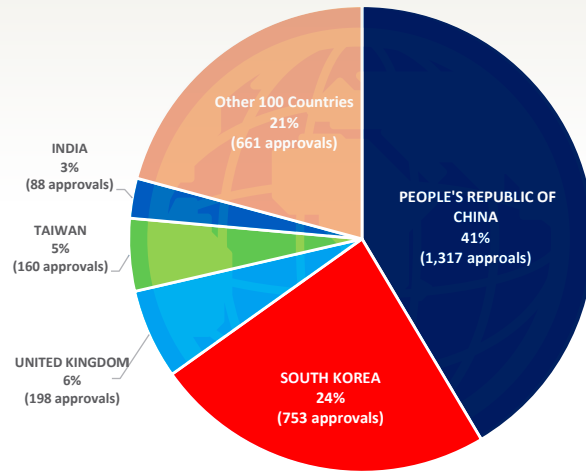


FIGURE3A: NUMBER OF I-829 APPROVALS FOR INVESTORS FROM COUNTRIES OTHER THAN THE TOP 5 COUNTRIES, FY1995-2008

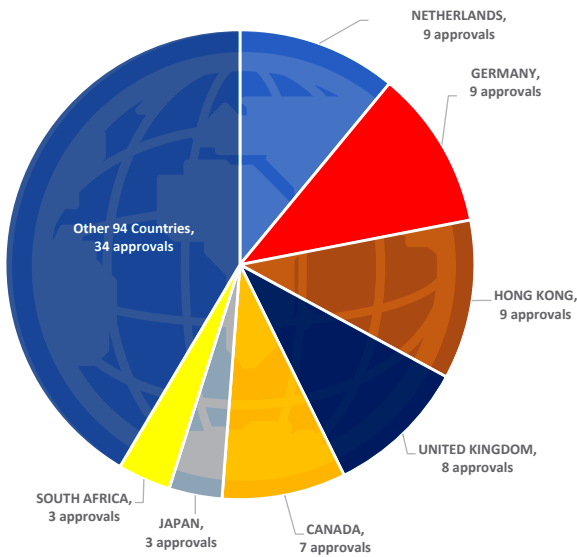
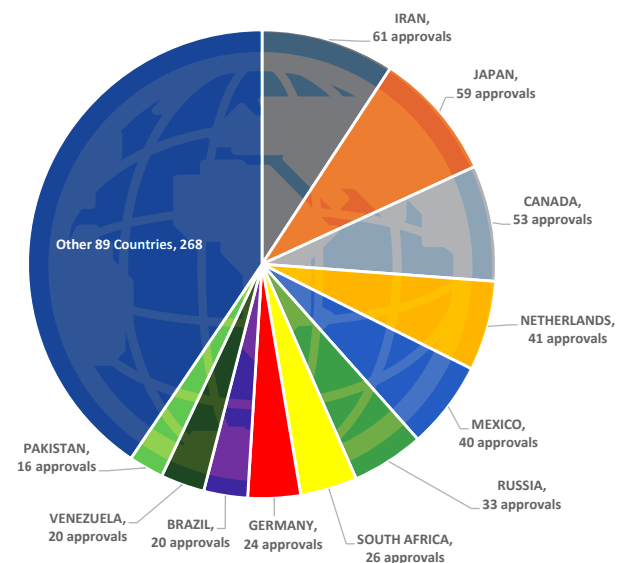


FIGURE3B: NUMBER OF I-829 APPROVALS FOR INVESTORS FROM COUNTRIES OTHER THAN THE TOP 5 COUNTRIES, FY2009-2014 (FEB)



TOP COUNTRIES OF ORIGIN FOR SUCCESSFUL EB-5 INVESTORS, PRE- AND POST- RECESSION

FIGURE: I-829 APPROVALS PRE-POST RECESSION COMPARISON (TOP 10 COUNTRIES WITH 40+ APPROVALS)

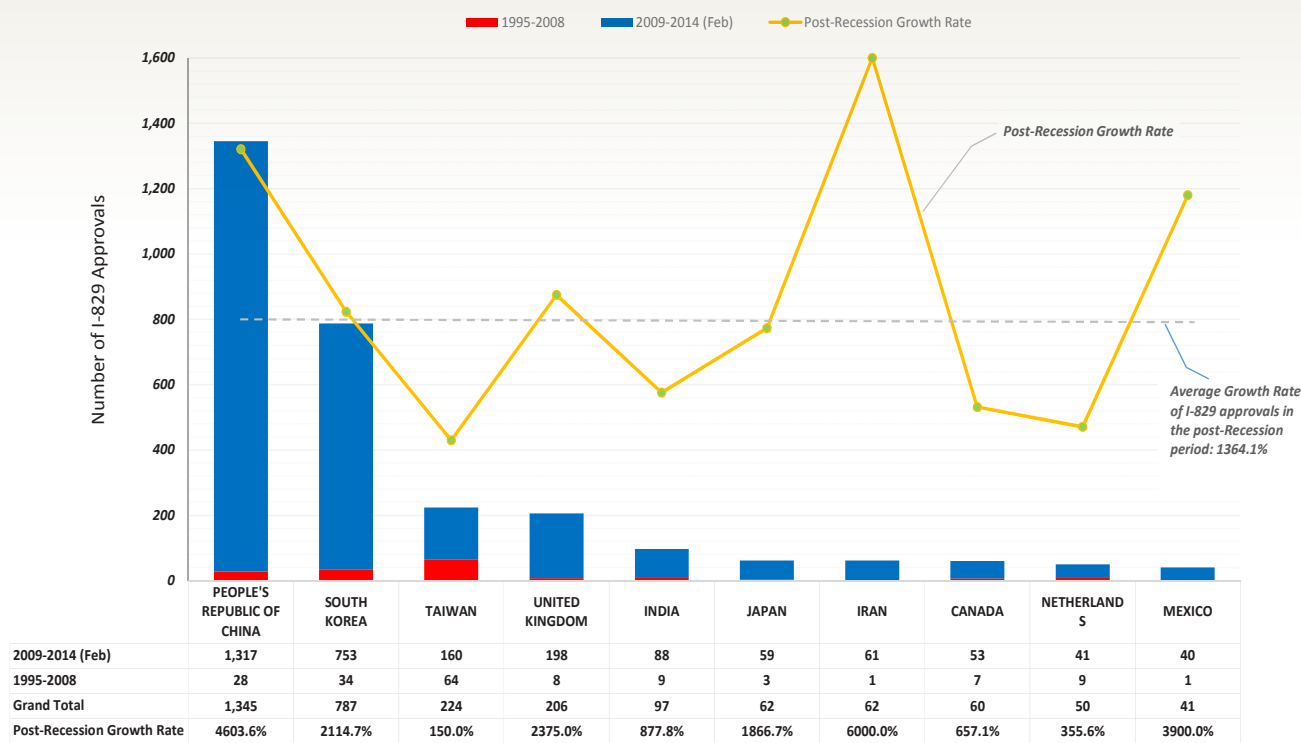
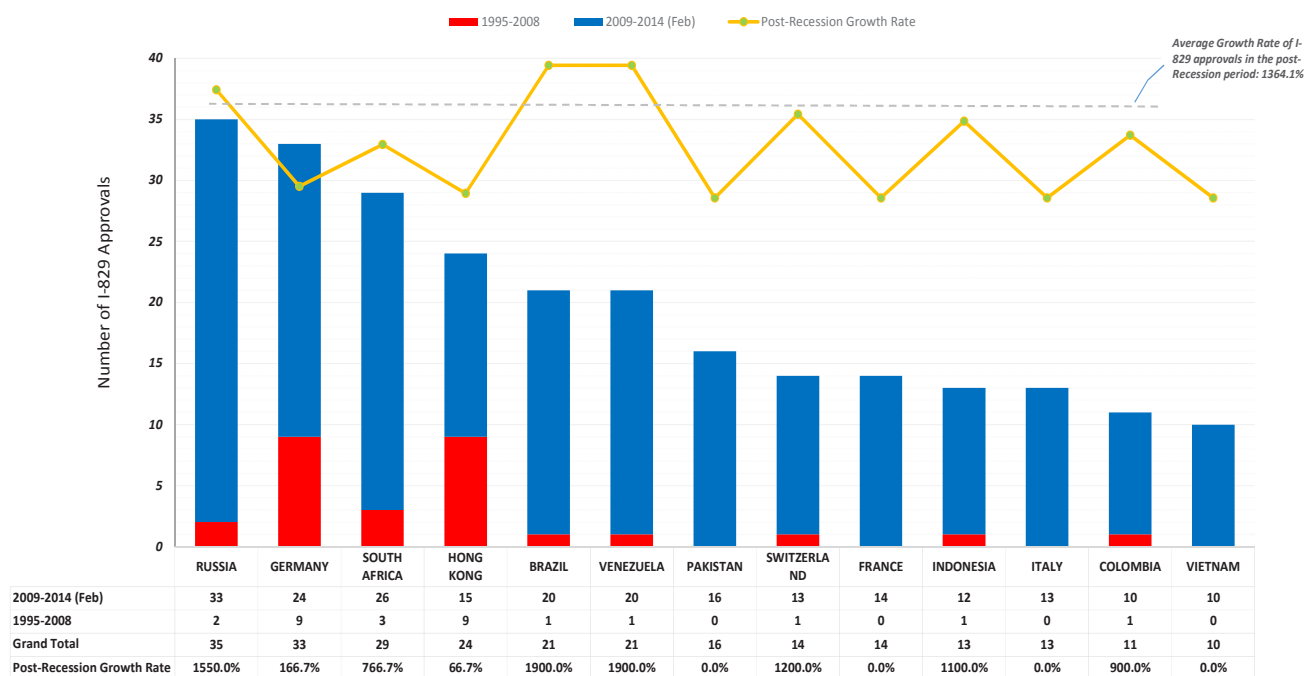


FIGURE: I-829 APPROVALS PRE-POST RECESSION COMPARISON (TOP 23 COUNTRIES WITH 10+ APPROVALS)



CONTINUED ON NEXT PAGE >>

SPOTLIGHT ON I-829 APPROVALS TRENDS BY COUNTRY SINCE THE EB-5 PROGRAM BEGAN

FIGURE: I-829 APPROVALS BY INVESTOR'S COUNTRY OF BIRTH (TOP 5, EXCEPT MAINLAND CHINA), FY1995-2014 (FEB)

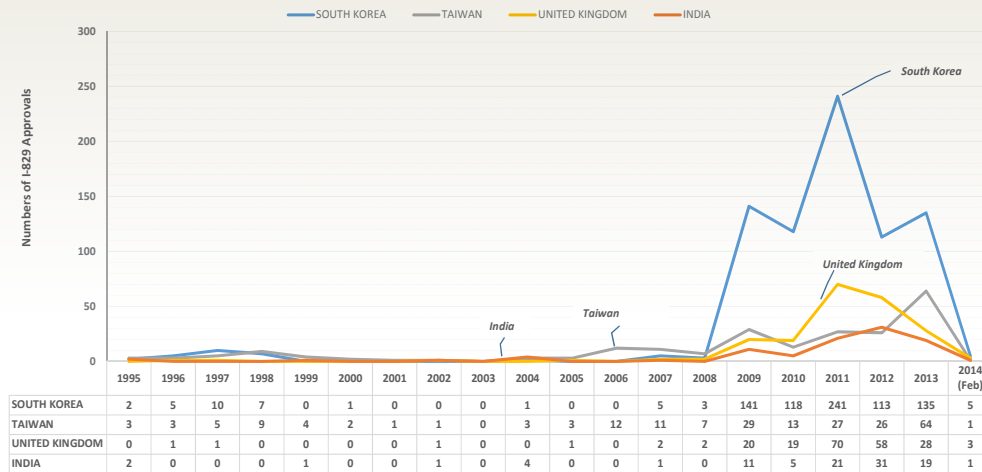


FIGURE: I-829 APPROVALS BY INVESTOR'S COUNTRY OF BIRTH (W/50+ INVESTORS), FY1995-2014 (FEB)

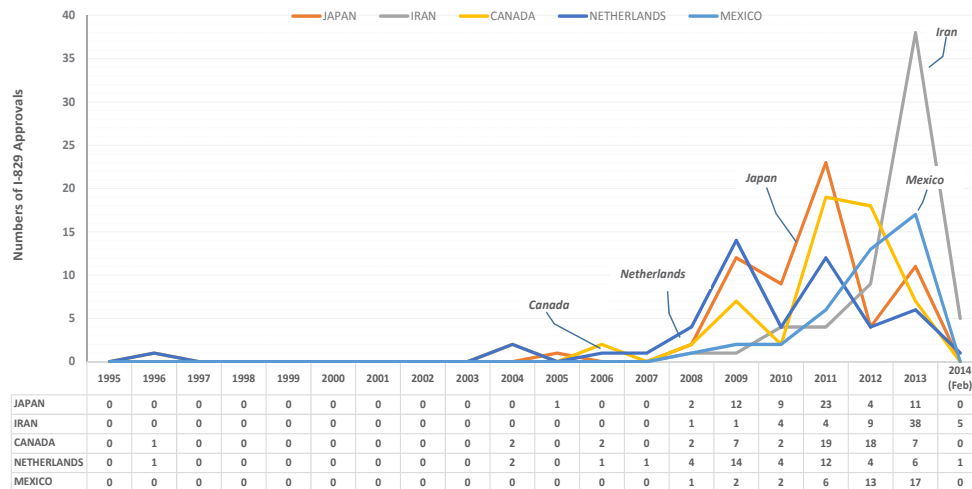
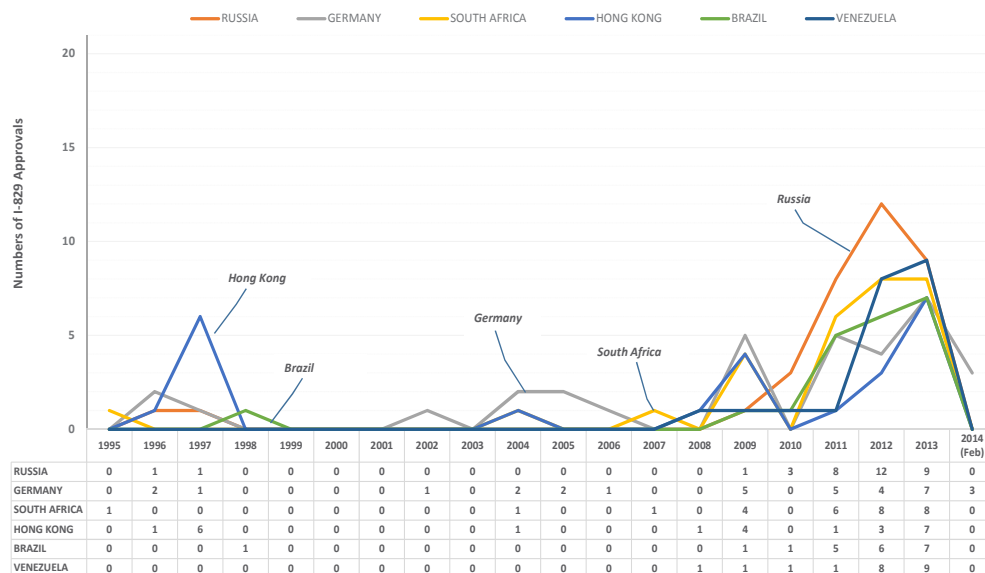


FIGURE: I-829 APPROVALS BY INVESTOR'S COUNTRY OF BIRTH (W/20+ INVESTORS), FY1995-2014 (FEB)





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Termination of Intercontinental Regional Trust Center of Chicago



BY ROBERT LOUGHRAN

The Intercontinental Regional Trust Center of Chicago (Chicago RTC) was established on August 16, 2010 and was approved by USCIS on June 9, 2011.

On November 20, 2013, USCIS issued a Notice of Final Termination to Chicago RTC in which its designation as an EB-5 approved regional center was terminated. USCIS made the determination that Chicago RTC had “engaged in activities in violation of and evidencing a significant disregard for the immigration laws of the United States.”

Chicago RTC, along with its affiliate, A Chicago Convention Center, LLC (ACCC), sought investors to finance and build the “World’s First Zero Carbon emission Platinum LEED Certified” hotel and conference center in the Chicago area. However, on February 6, 2013, the Securities and Exchange Commission (SEC) filed a complaint against Chicago RTC, ACCC, and Anshoo Sethi, the creator and managing member of both entities. The SEC claimed that, since November 2011, Chicago RTC fraudulently sold over \$147,000,000 in securities and collected an additional \$41,400 per investor in administrative fees. As the scheme targeted over 250 investors, these administrative fees amounted to \$11,000,000, which Sethi claimed would be refunded to the investors if the EB-5 visa applications were denied. However, over 90% of the

\$11,000,000 was either spent or funneled into Sethi’s personal bank account in Hong Kong. The SEC further alleged that Chicago RTC falsely demonstrated adequate financing to USCIS through fraudulent letters from the Qatar Investment Authority and Hyatt Hotels, overvaluing the real estate it owned and falsely stating that it had obtained all necessary permits and approvals to construct the hotel.

The SEC stepped in to freeze the remaining assets under control of Chicago RTC. In an amicus brief filed in April 2013, IIUSA noted to the SEC that after a recent trip to China’s three largest cities (Beijing, Guangzhou, and Shanghai), the most acute concern expressed by investors and their representatives was how quickly their investment capital would be unfrozen and returned to them. The exit/entry associations were particularly concerned that without prompt action to unfreeze and return funds, investor confidence would be irreparably harmed – much to the detriment of United States interest in seeing the EB-5

Program continue to fulfill its intended purpose of regional and economic development and U.S. job creation.

Also in this amicus brief, IIUSA stated it “fully supports the Plaintiff’s motion to modify the asset freeze order and return investors’ funds directly to them.” The court did grant the motion and the frozen assets were returned to all investors. The SEC obtained a final settlement with the defendants in March 2014, providing for civil penalties and long-term injunctions.

In its November 20, 2013 Notice of Final Termination, USCIS determined that: (1) Chicago RTC had “engaged in activities in violation of and evidencing a significant disregard for the immigration laws of the United States,” and (2) Chicago RTC was “unable to demonstrate that it is continuing to promote economic growth, improved regional productivity, job creation, or increased domestic capital investment in the approved geographic area.” ■





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- One email to all event attendees one time the week of the event.
- Designated "Sponsor" and logo appears on all event materials, including print, digital and mobile app

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- Company Name Listed in Conference Handbook as Exhibitor
- Designated "Exhibitor" and logo appears on all event materials, including print, digital and mobile app

INDIVIDUAL - \$750

- Registration for one (1) person
- Does not include exhibiting space
- Admittance to IIUSA EB-5 Seminar and Cocktail reception
- Company name listed in conference handbook as "attendee"
- One email to all event attendees one time the week of the event.
- Company name/logo appears on all event materials, including print, digital and mobile app

SEPTEMBER 8

IIUSA Private Seminar for Migration Agents

(One Rep/Exhibitor invited to attend)

- Exit/Entry Association Speeches & Ceremony To Honor China-based IIUSA members in attendance
- Due Diligence Perspectives
- Finding Solutions to Market Issues

SEPTEMBER 9

IIUSA EB-5 Seminar (Open To Public)

- Securities Law & Exit/Entry Associations' Memoranda Of Understanding (MOUs)
- USCIS policy & retrogression update
- Legislative Update

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Industry Event Schedule

LEARN ABOUT ALL THESE EVENTS AND MORE ON THE IIUSA EVENT CALENDAR AT WWW.IIUSA.ORG!

- **7/31:** Securities Laws & EB-5: Enforcement Actions & Registration Guidance (IIUSA Webinar)
- **8/12- 8/13:** CDFA Summer School: Intro EB-5 Finance Course (Washington, D.C.)
- **8/22- 8/23:** 2014 AILA EB-5 Investors & Regional Centers Conference (Chicago, IL)
- **8/28:** USCIS EB-5 Adjudication Trends: I-526/I-829 Petitions & I-924 Applications (IIUSA Webinar)
- **9/6-9/10:** IIUSA Trade Mission to the 18th Annual China International Fair for Investment & Trade (CIFIT) (Xiamen, China)
- **9/25:** EB-5 Economics: Targeted Employment Areas (TEAs) & Economic Methodologies (IIUSA Webinar)
- **9/27-9/30:** National Association of Business Economics (NABE) Annual Meeting (Chicago, IL)
- **10/11-10/14:** Association for University Business Economic Research (AUBER) Annual Conference (Portland, OR)
- **10/22-24:** 4th Annual IIUSA EB-5 International Investment & Economic Development Forum (San Francisco, CA)
- **10/29-10/30:** Henley & Partners' 8th Annual Global Residence & Citizenship Conference (Singapore)
- **10/30:** Form I-924A: Strategies for Fulfilling the Annual EB-5 Regional Center Reporting Requirement (IIUSA Webinar)
- **11/18-11/21:** CDFA National Development Finance Summit (Scottsdale, AZ)
- **11/20:** Finance: EB-5 Escrow, Fund Administration & Bridge Loans (IIUSA Webinar)
- **12/18:** 2014 EB-5 Industry Year-In-Review & Look Ahead at 2015 (IIUSA Webinar)
- **2/23-2/25, 2015:** The P3 Conference (Dallas, TX)
- **4/12, 2015:** 10th Annual IIUSA Membership Meeting (Washington, DC)
- **4/12-4/14, 2015:** 8th Annual IIUSA EB-5 Regional Economic Development Advocacy Conference (Washington, DC)

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IIUSA Leadership Travel the World to Speak about the benefits of the EB-5 Program

SELECT USA ROADSHOWS: JAPAN & MEXICO

In May, IIUSA president K. David Andersson and Executive Director Peter D. Joseph joined SelectUSA Roadshows representing the Association and the EB-5 industry to foreign investors in Japan and Mexico, respectively. Housed in the U.S. Department of Commerce, SelectUSA's mission is to coordinate outreach and engagement by the Federal Government to promote the United States as the premier location to operate a business. SelectUSA Roadshows are designed to bring state Economic Development Organizations (EDOs), regional EDOs and their partners to meet with potential investors and companies.

The SelectUSA Japan Roadshow, which featured a special seminar in Korea on May 16th, also stopped in Tokyo (May 19th), Nagoya (May 21st) and Osaka (May 23rd). IIUSA President David Andersson spoke to potential investors in Osaka and Tokyo about IIUSA's mission for a permanent and enhanced EB-5 program and the benefits of immigration investments to the U.S. economy. In total, several hundred Japanese senior executives, business owners and corporate strategic business planners attended the three-day tour which included seminars on investment visas, legal issues, investment opportunities and successful investment strategies. In FY2013, Japan accounted for \$15 million in EB-5 investments, the seventh most of any country in the world.

On May 21st, IIUSA Executive Director Peter D. Joseph joined the SelectUSA Mexico Roadshow in the city of Merida on the Yucatan peninsula (the tour also stopped in Mexico City and Guadalajara). Much like the SelectUSA Japan Roadshow, the event featured sessions on how to invest in the United States. Among those that spoke to the gathering of potential investors included the U.S. Consul General to Mexico and IIUSA Member FosterQuan, LLP. Mexico is a growing market for EB-5 investors, demonstrated by the uptick in I-526 approvals from 56 between FY2008-2011 to 87 approvals in FY2012-2013 (for a total of \$43.5 million over the two year period, which is more than all of the previous

three years combined).

2015 SELECTUSA INVESTMENT SUMMIT

On Tuesday May 20th, during a White House Round table on Investing in America, President Barack Obama announced the next SelectUSA Investment Summit will be held March 23-24, 2015, at the Gaylord National Resort and Convention Center in National Harbor, Maryland near Washington, DC.

IIUSA served as the voice of the EB-5 Program at the 2013 SelectUSA Investment Summit, which included numerous high level speakers from the Obama Administration as well as corporate executives of leading companies in the United States and around the globe. The 2013 Summit sold out, with more than 1,300 participants, including a diverse mix of global investors, U.S. economic development organizations, government officials, U.S. companies, and business associations.

It is expected that the 2015 summit will be twice the size, with more than 2,500 people from around the world helping to bring more job-creating investments to the U.S. and to share stories about what "Made in America" really means. U.S. Secretary of Commerce Penny Pritzker noted, "The SelectUSA Summit is all about business. It's all about connecting investors with communities. We want to open that first door to making an investment here in the United States. Clearly, our investment climate is strong. America is open for business."

IIUSA MEMBERS PRESENT AT THE HENLEY & PARTNERS FORUM 2014 IN MALTA

The Henley & Partners Forum 2014 took place May 28-29 in Malta and offered the opportunity for global participants to network

and discuss the latest trends and events related to immigrant investments around the world. Adam Greene of Live In America Financial Services and Drexell Owusu of Civitas Capital Group represented IIUSA as panelists discussing "Canada and the USA: Closed and Open Borders," where they presented on major EB-5 trends, such as institutionalization and retrogression, to the audience of [400] attendees. They also discussed the impact of Canada's closure on the U.S. EB-5 program and the political support for EB-5.

Other major topics discussed at the conference were the future of immigration investment in Europe, the political environment in Europe related to immigration, the launch of a new immigrant investor program in Malta, and the importance of national image in attracting people. ■



International Bridge Building and the EB-5 Program:

2014 EVENTS IN WASHINGTON, D.C., XIAMEN, CHINA, AND SAN FRANCISCO, CA HONOR IIUSA INTERNATIONAL PARTNERSHIPS IN INVESTMENT



BY ALLEN WOLFF
IIUSA MARKETING AND
COMMUNICATIONS
COORDINATOR

When the EB-5 industry comes together this September in Xiamen, China - the beautiful and historic coastal city of over two million people - it will represent yet another opportunity for IIUSA members to establish and grow vital relationships with international partners and immigrant investors - the lifeblood of the EB-5 Program. For the second consecutive year, IIUSA will co-lead the U.S. delegation to CIFIT (pronounced See-Fit), or the China International Fair for

Investment and Trade, one of the largest investment based trade shows in the world.

IIUSA is committed to the health of the largest EB-5 investor market. In FY2013, 86% of all demand for I-526 conditional green cards were from Mainland China investors. Fresh off Program re-authorization in September 2012, IIUSA acted on its recognition of the vital importance for the EB-5 industry trade association to maintain a consistent and active presence in China. With the leadership of IIUSA members and support of the American Chamber of Commerce South China (as well as China's provincial-level Exit/Entry associations), IIUSA has been successful in promoting the EB-5 Regional Center Program, educating the investor/adviser marketplace, and advancing the message of progressive international investment as a means toward

tangible economic development in the U.S. that are enabled by global economic relationships.

A hallmark of IIUSA events and conferences has always been to foster ample opportunities for cross-cultural exchange that is the preamble to cross-border investment. In 2014, IIUSA has taken that a step further by designing its three cornerstone events to serve as "workshops" in which EB-5 stakeholders from across the world will gather to discuss important issues such as due diligence, industry education and transparency in the marketplace - and then go put the collective industry knowledge to use in the marketplace to make the Program more successful through our never ending quest to hold industry practices to the highest standard.



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GLOBAL TIES: EB-5 REGIONAL ECONOMIC DEVELOPMENT ADVOCACY CONFERENCE, MAY 7-9, 2014 IN WASHINGTON D.C.

Association-to-Association ties formalized with AmCham's in Shanghai & South China, Entry-Exit Associations

At last month's EB-5 Regional Economic Development Advocacy Conference, IIUSA set in motion several association-to-association agreements that are designed to foster "strength through transparency" in the EB-5 marketplace. These milestones lay the foundation for important collaboration, through education and self-regulation, to address industry issues that can distort the marketplace. It is important to think of these international accomplishments in the context of our domestic operations to implement new best practices each year that raise the bar of professional conduct in the industry. EB-5 Regional Centers hold the fate of investors' American Dream, making IIUSA's responsibility to educate the international marketplace all the more imperative.



IIUSA's partnerships with both the American Chamber of Commerce (AmCham) Shanghai (which is brand new) and AmCham South China (approximately 18 months) were solidified with agreements to share information and collaborate on EB-5 related industry events, professional development and due diligence initiatives. Ken Jarrett, President of

AmCham Shanghai, and Cindy Chen, Area Development Manager for AmCham South China both addressed conference attendees on how the American Chambers of Commerce in China and IIUSA will work together to build opportunity and integrity for the EB-5 Regional Center industry in the largest EB-5 investor market.

IIUSA also signed memoranda of understanding (MOUs) with eight Chinese provincial-level Exit Entry Associations, which collectively represent nearly 550 migration agencies. The MOUs cover a range of activities including best practices in agent conduct and due diligence, compensation practices, industry education and transparency (especially as it pertains to payment arrangements), establishment of mechanisms to report misrepresentation and fraud in the marketplace, membership exchange and professional development. These MOUs empower IIUSA to become more assertive in efforts to build an informed EB-5 marketplace and will be an essential component of programming at CIFIT this year.

NEXT STEP: EB-5 TRADE MISSION TO CIFIT, SEPTEMBER 6-10, 2014 IN XIAMEN, CHINA

IIUSA Members to Continue Important Dialogue with Stakeholder in the world's largest EB-5 Investor Market

Less than three months remain until IIUSA leads its delegation of members to Xiamen, China to take part in the China International Fair for Investment & Trade (CIFIT) - the largest international fair in the world focused on foreign direct investment. This will be the second year in a row that IIUSA will partner with the American Chamber of Commerce South China to co-host the USA pavilion. Last year, over 115 IIUSA Members joined a combined U.S. delegation of over 300 delegates and 50 exhibitors. Delegates will have a chance to exhibit their projects, meet poten-

tial investor leads, other EB-5 stakeholders, and international business/government leaders and officials. Additionally, IIUSA is proud to partnership with the Fujian Exit-Entry Association (Xiamen is located in Fujian Province), which represent 35 migration agencies nationwide and are instrumental to working with event organizers.

Over the course of the four-day trade mission, delegates will participate in IIUSA-organized seminars and meetings to continue important dialogue among EB-5 stakeholders.



On September 8th, IIUSA will lead an intimate meeting in which Chinese migration agents and IIUSA members (one representative per exhibitor) will examine pertinent issues such as securities laws and execution of the En-

try/Exit Associations' MOUs, USCIS policies, visa retrogression scenarios and the legislative outlook for 2014 and beyond. It is designed specifically to serve as an open forum and dialogue in a private setting.

Like last year, IIUSA will also host a bilingual EB-5 Seminar featuring speakers from IIUSA leadership, AmCham South China, AmCham Shanghai, Entry-Exit Associations, and guest of honor speakers from the highest level of business and government from the U.S. and China. Last year's seminar, attended by hundreds, featured panels and case studies on U.S. immigration reform, USCIS policy, and EB-5 due diligence. This year's seminar, hosted in partnership with Fujian Entry-Exit Association, will highlight the international relationships that have been forged over the past year and will also feature practical examples of EB-5 success resulting from effective cross-Pacific partnerships. This seminar, in tandem with a first-class exhibiting experience and several exclusive networking receptions, provide the optimal platform for IIUSA members to engage and conduct business in the industry's largest investor marketplace.

CONTINUED ON NEXT PAGE >>

CROSSING THE BRIDGE: IIUSA'S 4TH ANNUAL EB-5 INTERNATIONAL INVESTMENT & ECONOMIC DEVELOPMENT FORUM, OCTOBER 22-24, 2014 IN SAN FRANCISCO, CA

Welcoming the World as Partners in Regional Economic Development

Following a successful trade mission in September, IIUSA members will have a unique opportunity to build upon the connections that were established or enhanced in China the month prior and invite potential business partners to visit them in San Francisco at the EB-5 industry's largest conference of the year from October 22nd-24th. Well over 650 people – from all over the world – are expected to attend IIUSA's 4th Annual EB-5 International Investment Economic Development Forum, which will include three days of exhibiting, a plethora of high level keynote speakers and keynote panels, an abundance of "breakout sessions" and two entertainment-packed evening receptions. Additionally, there will be a special "kick-off" event which will allow attendees to see the beautiful San Francisco landscape in style and celebrate the



coming together of old and new friends. Furthermore, host city sponsors, Lennar International and San Francisco Bay Area Regional Center, and other local members will be of-

fering tours and special events to attendees to bring the EB-5 Program to life through project site visits and local fare.

Furthermore, with the help of IIUSA international partners, event sponsors, the forum committee, and members, we are inviting international partners from all over the world to use this conference as the beginning of a tour of site visits of EB-5 projects across the U.S. Having all corners of the industry come together under one roof to build relationships and share knowledge promotes industry best practices. Subsequent visits to EB-5 projects around the U.S., in the name of due diligence, reinforces IIUSA's commitment to fostering a truly institutional and globalized EB-5 Regional Center Program that works for America.

In his new book - "How to Find Chinese Investors, Agents & Clients for Your EB-5 Projects & Services, A Practical Guide for Regional Centers, Attorneys, Developers and Businessmen" - Dr. Gregory Finkelson unveils practical and insightful information to help business people understand the opportunities and benefits of the EB-5 program with Chinese investors. He provides additional tips and suggestions about how to navigate the sometimes "shark-infested" waters of the EB-5 visa program.



"This innovative guide provides an invaluable resource to anyone seeking to do business with China and its labyrinth of agents throughout this primary EB-5 investor market."

Larry Behar, Immigration Attorney, Fort Lauderdale, Florida

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Alice H. Sun

ATTORNEY AT LAW, AILA MEMBER, IIUSA MEMBER



Alice H. Sun, member of AILA (1996 to present) and IIUSA (2013 to present), has been doing research and practice of EB-5 Investment Visa laws since 1994. Together with highly experienced staff of the law firm, she strives to provide outstanding legal advice and highly successful representation to all

EB5 clients. Having a Master's Degree of Law from the Chinese Academy of Social Sciences in Mainland China and a J.D. degree in the United States, she has exceptional ability to communicate sophisticated legal terms with EB5 investors in both Chinese and English language to enhance effective and successful legal representation of EB-5 Investors. Alice H. Sun also hosts periodic EB5 seminars for potential investors and foreign emigration agencies to promote understanding of EB-5 laws and EB-5 regional center projects.

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IIUSA's Committees:

SHAPING THE VOICE OF THE EB-5 INDUSTRY THROUGH LEADERSHIP AND COLLABORATION



BY ASHLEY SANISLO CASEY

IIUSA ADVOCACY/RESEARCH
COORDINATOR

As IIUSA embarks on achieving new goals set forth at the annual meeting in

Washington, DC last month, it is important for members to understand the purpose of our committees. There are now 15 committees within IIUSA, some standing others ad hoc, collectively representing the foundation to achieve IIUSA's mission. Both the EB-5 Regional Center industry and IIUSA are growing exponentially. With that comes an ever-increasing pool of talented IIUSA members who are stepping up as leaders in these committees, helping to shape the voice of the industry.

With our industry evolving quickly, it is essential that we reflect upon the journey to get to where we are today and show gratitude for the tireless leadership of those who lead the way. We cannot take this solid foundation built over the last several years for granted. Instead, we must be innovative and flexible in order to keep up with our fast-paced and ever-changing industry.

The following committees all have a function for how they will contribute to IIUSA's mission for advocacy of and education about the Regional Center Program. We applaud the leadership and dedication of our committee members and look forward to your influence in the year ahead.

ASSOCIATION BUILDING COMMITTEE

(CHAIR: BOB HONTS, LONE STAR TEXAS ENTERPRISES;
SECRETARY-TREASURER, IIUSA)

IIUSA enjoys a growing network of organizations whose interests within the industry align with its own. This new committee's purpose will be to facilitate existing relationships while fostering new ones, being an avenue for partnerships in education, advocacy and shared resources. IIUSA is thankful for its formal partnerships with organizations like the Council of Development Finance Agen-

cies (CDFA), several entry-exit associations in China, the U.S. Conference of Mayors and the National Association of Counties (NACo) as well as many other outside interest groups it works with. ABC will be instrumental in continuing these valuable relationships and pioneering new ones.

BANKING COMMITTEE

With the growing institutionalization of the Regional Center Program and the various ways that banks can be involved in the process comes a need for education. This committee will work to educate banks on the different types of transactions that occur specific to EB-5 and help them understand how to conduct business in this niche sector. Within the past year, seven banks have joined IIUSA as associate members, signifying the importance of their involvement as well as the necessity of a committee dedicated to this subject.

BEST PRACTICES COMMITTEE

(CHAIR: DANIEL J. HEALY, CIVITAS CAPITAL GROUP; IIUSA
DIRECTOR; IIUSA PRESIDENT'S ADVISORY COUNCIL)

Best Practices has come a long way over the past several years and has benefited greatly from the strong leadership of its past chairman, Ron Klasko, and the current chairman, Dan Healy (also a Director of IIUSA). The most recent work of this committee, including an updated Code of Ethics, Code of Ethics Enforcement Policy and the new Ethics Complaint form, invites industry complaints and reports of malfeasance in an assertive manner, which is a significant step towards industry self-regulation. In the coming year, Best Practices will continue its effort to improve program integrity and deterrence of deleterious business behavior.

COMPLIANCE COMMITTEE

(CO-CHAIRS: KURT REUSS, EB5 DILIGENCE; MARIZA MCKEE,
KUTAK ROCK)

The "sister committee" to Best Practices, this new committee will focus on education. Its purpose is to take the work of Best Practices and go out into the marketplace to educate the industry on conducting their own steps for best practices as well as affirming its presence in organizations with which they

conduct business.

BUDGET & FINANCE COMMITTEE

(CHAIR: BOB HONTS, LONE STAR TEXAS ENTERPRISES;
SECRETARY-TREASURER, IIUSA)

Its continued use of prudent fiscal management has allowed IIUSA to collect and cultivate the resources it needs to be a more independent and well-rounded organization. Additionally, the sustained success of fundraising from the leadership and the membership as whole has allowed it to fund new advocacy programs that are vital for the success of IIUSA's mission.

BYLAWS

(CHAIR: BOB HONTS, LONE STAR TEXAS ENTERPRISES;
SECRETARY-TREASURER, IIUSA)

The recent bylaws amendments passed by the membership at the annual meeting last month are a reflection that this committee is listening to the membership and receptive to its needs. These changes include expanding the Board of Directors from 9 to 13 members and further empowering committee chairs by requiring them to appoint their own committee members (in the past, this was done by the President). This committee will continue to listen to IIUSA members and recommend amendments as needed.

EVENT COMMITTEES

This year, these committees consist of 2014 CIFIT Committee, 2015 DC Advocacy Conference Committee and 2015 International Forum Committee. They are responsible for assisting in the planning of these various events and providing input to improve the conferences. IIUSA's events are enhanced when its members are involved in the planning process. We encourage your participation.

EDITORIAL COMMITTEE

(CHAIR: LINCOLN STONE, SGG IMMIGRATION LAW)

Acting as the voice of the EB-5 Regional Center Program, the Editorial Committee brainstorms, formulates, researches and writes articles to contribute to IIUSA's industry-leading quarterly trade magazine the Regional Center Business Journal. It focuses on data-driven analysis that is brought to life

by real-world application as well as striving to produce timely articles that are essential in keeping the industry informed.

INVESTOR MARKETS

(CHAIR: ERIC MAJOR, HENLEY & PARTNERS, LTD.)

This new committee will be charged with the task of keeping existing markets healthy and informed while also being a platform to build bridges that will cultivate new relationships all around the world. Using both qualitative and quantitative data, the committee will seek to explain in a methodical way where opportunities exist for finding foreign investors in existing strong markets, while leading the diversification process.

MEMBERSHIP COMMITTEE

(CHAIR: KYLE WALKER, GREEN CARD FUND, LLC)

IIUSA now has over 200 Regional Center members and 200+ associate members, thanks in large part to the work of the Membership Committee. Its responsibility is to suggest and help formulate programming and materials that continuously improve the value of membership, including features like the All-Access Pass. The International Subcommittee, chaired by Kelvin Ma, has made great strides in increasing the international membership base, resulting in better relationships with our industry peers abroad.

PUBLIC POLICY COMMITTEE

(CHAIR: ANGELIQUE BRUNNER, EB5 CAPITAL; IIUSA DIRECTOR)

It is expected that much of the Public Policy Committee's time this year will be spent commenting on and reviewing proposed new EB-5 regulations at USCIS and the continued (and welcome) inter-agency collaboration. The committee is dedicated to continuing to encourage and enhance inter-agency collaboration in order to achieve a more efficient, transparent and secure industry. It will also focus on the looming visa retrogression issue as well as any new legislation that requires the attention and monitoring of IIUSA.

PUBLIC RELATIONS

(CHAIR: RON ROHDE, CP HOMES; IIUSA PRESIDENT'S ADVISORY COUNCIL)

Last year, the Public Relations Committee was created and quickly became an essential contributor to creating a members media kit alongside IIUSA's public affairs team. This work product packages up all the information members need to get media attention on their projects, including communicating with the media, a press release template and interview tips. In the coming year, this committee will continue building member-related resources to help spread the word of how EB-5 is working in communities around the country.

TECHNOLOGY

(CHAIR: DAVID BOVEE, ZENITH GLOBAL CAPITAL)

Another one of the new committees established this year, the Technology Committee has an exciting and monumental task ahead of it. IIUSA is self-described as "data obsessed", but what use is data if it is not organized properly to be easily accessible? Over the past several years, IIUSA has utilized the Freedom of Information Act (FOIA) to collect data on the EB-5 industry from the federal government (mostly USCIS). This empowering information, along with the breadth of other resources IIUSA has constructed and compiled during its lifespan, are currently housed in Basecamp. But as the industry and organization evolve and the amount of resources increase, the way members access this vital information must evolve as well. This committee will be instrumental in launching the new IIUSA website and member portal, making education and empowerment of our members easier and better than ever.

**Members should email
info@iiousa.org with questions
about serving on a Committee.**



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COMMITTEE CORNER

ASSOCIATION BUILDING (ABC)

Lead IIUSA's outreach to interest groups whose members are benefiting from the EB-5 Regional Center Program and are natural strategic partners in advocacy, education, and/or otherwise.

BANKING

Develop educational materials for banks on the EB-5 Regional Center Program and best practices in popular financial services (escrow, bridge or other) loans, fund administration, etc.) that provides leadership in the ongoing institutionalization of the Program.

BEST PRACTICES

Develop recommended industry best practices that contribute to a transparent and informed marketplace with the highest degree of professional behavior that aligns the interests between investor, project, and Regional Center to the greatest extent possible.

BUDGET AND FINANCE

Recommends IIUSA annual budget to membership, oversee budget reporting, and ensure compliance with all applicable laws and regulations.

BYLAWS

Ad hoc committee that recommends amendments to IIUSA's corporate bylaws on an as needed basis.

COMPLIANCE

Proactively seek out market intelligence to inform IIUSA of current trend drivers, while contributing to market transparency by making potentially aggrieved parties aware of IIUSA's industry code of ethics policies and enforcement processes to address unethical behavior in the marketplace.

EDITORIAL

Curate IIUSA's industry-leading quarterly magazine, the *Regional Center Business Journal* (and other select publications) by providing essential input into IIUSA industry data collection/analysis process and carefully considering submissions for publication on various IIUSA communication platforms.

INVESTOR MARKETS

Track how world events are driving EB-5 investor market demand around the world and report through IIUSA's various communication platforms, while also providing essential input into IIUSA's market research efforts that empower member marketing decisions.

MEMBERSHIP

Improve IIUSA's value proposition to members through consistent benefits analysis, recommending new programming, and leading outreach efforts to desirable new members.

INTERNATIONAL SUBCOMMITTEE: Recruit desirable new members based outside of the United States, while leading efforts to develop partnerships with international governmental entities and interest groups.

PUBLIC POLICY

Consider public policy issues, both proactively and reactively, while developing and recommending industry positions for all elements of IIUSA's advocacy and government affairs activities.

PUBLIC RELATIONS

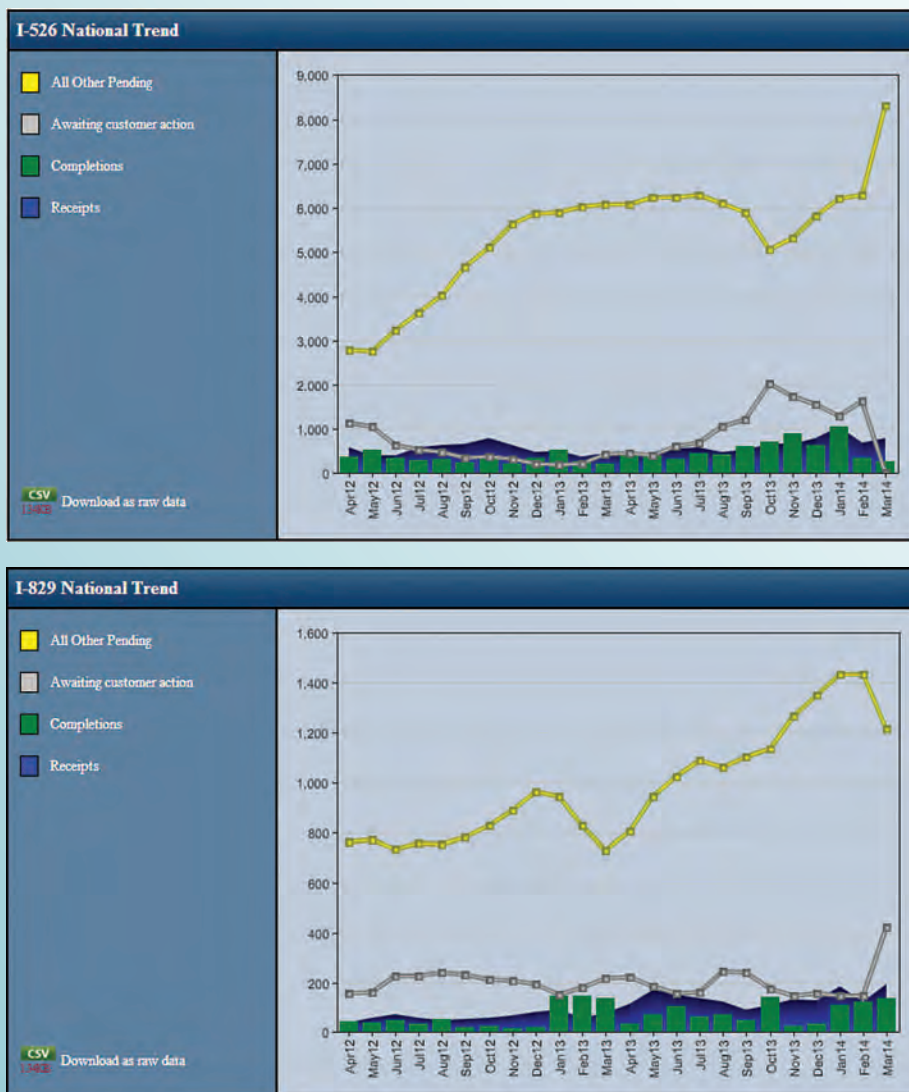
Provide ongoing input to IIUSA public affairs strategy and its implementation, and assisting with outreach efforts to members and media alike.

TECHNOLOGY

Lead IIUSA efforts in understanding members technology needs, delivering empowering, cutting-edge industry technology tools to members, and optimizing all facets of IIUSA's existing web presence

I-526 & I-829 Trends

AS OF MARCH 2014





Visit the updated IIUSA Marketplace by going to iiusa.org, select Visit Our Shop, and chat with an IIUSA representative if you have any questions.

- Register for IIUSA conferences in China/ San Francisco
- Sign Up for upcoming EB-5 webinars
- Purchase the All Access Pass
- Advertise in the *Regional Center Business Journal*
- Advocacy Brochures, Conference Handbooks and industry reports
- Exclusive Video Content, including webinars and conference presentations, available for OnDemand Purchase.
- Leadership Fund Contributions



IIUSA members can purchase an **All Access Pass** for the rest of 2014 which will grant you attendance to all 6 remaining webinars, unlimited access of past webinar recordings on demand and other digital content including conference presentations. Additionally, All Access Pass holders get exclusive IIUSA EB-5 reports and raw data on EB-5 statistics and trends.

Purchase from the IIUSA Marketplace today!

iiusa.org/marketplace

By the Numbers

200 On June 19th, IIUSA reached an important milestone by surpassing 200 Regional Center Members. IIUSA now represents 202 Regional Centers serving 46 states along with more than 210 associate members that include attorneys, broker-dealers, consultants, developers, economists, financial advisors and migration intermediaries.

82 & 79 The U.S. Conference of Mayors held its 82nd Annual Conference June 20-23 while the National Association of Counties (NACo) will hold its 79th annual conference July 11-14. IIUSA and the EB-5 Industry are proud to have support from these two venerable institutions.

35,000 On March 3rd, the National Association of Counties (NACo)'s Community, Economic Development and Work Force Steering Committee unanimously approved a resolution supporting IIUSA, which was subsequently adopted and approved by the full NACo Board of Directors. NACo represents over 3,500 Counties Nationwide and counts nearly 35,000 local elected officials among its membership.

6,000 There are currently over 6,000 investor applications pending at USCIS, representing \$3.0 billion in capital investment that will create over 60,000 American jobs at no cost to the taxpayer. IUSA's industry consensus policy platform calls for, among other things, efficient, predictable and transparent processing of EB-5 applications and petitions.

440 The attendance at IIUSA's 7th Annual EB-5 Regional Economic Advocacy Conference, May 7-9, 2014 was 440, representing over a 90% growth in number of attendees from the last IIUSA EB-5 Advocacy Conference in October, 2012. The 400+ attendees at the sold-out conference were treated to eight panels, three Congressional Guest of Honor Speakers, keynote addresses from individuals representing five federal agencies/regulators, special guests from the American Chambers of Commerce in Shanghai and South China (as well as the U.S. Chamber of Commerce), and a special ceremony with eight Chinese provincial level entry-exit Associations in which IIUSA signed joint Memoranda of Understanding (MOUs).

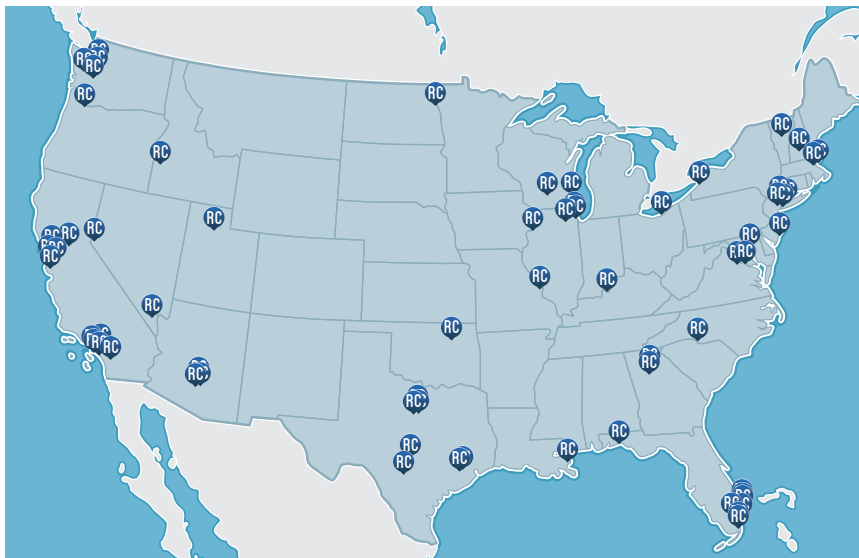
53 In February 2014, USCIS completed the transfer of all pending I-526 filing to the new Washington D.C. area EB-5 adjudication team, which, as of March 6th, employed 53 people, including 20 economists and 25 adjudicators, with plans for continued growth to 75 by September 2014 and 100 by several months later.

1997 The North American Industry Classification System (NAICS) was introduced in 1997 and is periodically revised to reflect changes in the industrial structure of the U.S. and North American economy. A federal register notice was published on May 22, 2014 soliciting proposals for changes to the structure and content of NAICS Code for inclusion in a 2017 revision.

27.9 In 2011 the total stock of Mexican FDI in the United States stood at \$27.9 billion, making Mexico one of the top fifteen largest sources of FDI into the United States. IIUSA Executive Director Peter D. Joseph travelled to Mexico to take part in the SelectUSA Roadshow from May 21-23, 2014.

15 Japan accounted for 15 million in EB-5 investments in FY2013, the seventh most of any country in the world. IIUSA President David Andersson participated in the SelectUSA Roadshow in Japan from May 19-23.

IIUSA SURPASSES 200 REGIONAL CENTER MEMBERS!



IIIUSA is proud to announce that we recently surpassed **200 Regional Center members!** Thank you to everyone for your dedicated support during this time of unprecedented opportunity and challenges for our industry. Our organization, and the industry as a whole, is stronger thanks to your hard work and commitment.

Stay tuned for some new advocacy tools on best practices and economic impact that will equip our industry with the necessary information to engage the public with data-driven industry analysis and powerful anecdotes that drive the real narrative of the 21st century economic development through the Program. ■

A BIG
THANKS TO OUR
MEMBERS FOR YOUR
SUPPORT, AND TO THOSE
WHO HELPED MAKE THIS
EXCITING MILESTONE
POSSIBLE!

Regional Center Member Map

Our Interactive Regional Center Members Map on www.iiusa.org includes each Regional Center's date of approval, states they serve, and I-526 or I-829 approvals. These updates to the map and accompanying information will promote even greater visibility for your Regional Center to EB-5 stakeholders. If you are a Regional Center member, please visit the site and make certain that all the data associated with your Regional Center is correct. Should there be a need for any edits to your information on the interactive map, please e-mail Allen Wolff at allen.wolff@iiusa.org.



"I3" Online Member Database Update



IIIUSA Members should take note of the recent additions to the Basecamp Industry Intelligence Online ("I3 Online") database. The following materials, and more, are available for full viewing:

- Media Kit For Your Regional Center (06/11/14)
- Webinar Presentation Documents: Input/Output Model (06/03/2014)
- Presentation Slides, 7th Annual IIUSA EB-5 Regional Economic Development Advocacy Conference, Washington, D.C. (05/2014)
- Conference Handbook/Advocacy Toolkit: 7th Annual IIUSA EB-5 Regional Economic Development Advocacy Conference, Washington, D.C. (05/2014)
- "Winning Business Investment in the United States," Executive Office of the President and the Department of Commerce (04/2014)
- IIUSA 2014 Annual Report To Members (04/2014)
- Webinar Presentation Documents: EB-5 Due Diligence (04/03/2014)
- Recording: USCIS Regulatory Changes Teleconference Recording (04/23/14)
- Recording: USCIS Public Engagement Teleconference (02/26/2014)

IIUSA has over 1,000 documents (totaling tens of thousands of pages) easily accessible from I3 Online including resources, presentations and files relating to advocacy, economic methodology, litigation, securities laws, USCIS adjudication and SEC Enforcement Actions. ■

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- 1988 JD, University of Kansas.
- 1982 LLB, China University of Political Science and Law in Beijing, China.



Cletus M. Weber 韦立德律师

- Editor of multiple books on EB-5 and other options.
- 1989 JD, George Washington University.
- Managing Editor, George Washington Law Review.
- 1986 BBA, College of William & Mary.

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