

# The Country of Brazil, On the Spotlight with EB-5 Immigrant Investors



**KARLA BLEDSOE**  
DIRECTOR OF INTERNATIONAL RELATIONS,  
MORENO & VILLARRUBIA, LLP

**P**ermanent residence in the United States (U.S.) has become increasingly attractive high-net worth Brazilian individuals. I am a native of Brazil, and in the latter part of 2019, I and my business colleague, Marco A. Moreno (Mr. Moreno)<sup>1</sup>, flew to Brazil to meet with prospective investors as well as law firms and venture capitalists. On this trip to Sao-Paulo, Brazil, I observed and interacted with wealthy Brazilians, mostly entrepreneurs, who have taken an interest in learning more about investing their money in the United States in order to relocate here permanently. While these potential investors cited a number of reasons for their desire to move to the United States, some of the key reasons cited included the following: (a) highly regarded public-school systems; (b) safe neighborhoods and environments; (b) the high level participation in sports offered to children in grammar school; (c) and lucrative business development opportunities. A potential investor's

<sup>1</sup> Marco A. Moreno is General Counsel and President to the Indiana Regional Center and, after spending years working at internationally based firms in their Global Mobility departments and handling EB5 cases, he now operates his own immigration law firm. I am the Director of International Relations & Vice President to the Regional Center, and I am a shareholder of the company.

personal motivations should be used to determine whether Regional Center EB5 investment, or Direct EB5 investment is the right path.

For investors primarily looking to provide opportunities to their children or loved ones, Regional Center investment is a highly beneficial choice. It allows investors to seek out permanent residence without being required to manage or operate a business in the United States. To give this some context, Mr. Abrao, a self-employed investor, stated that he applied for the EB-5 to become a Permanent Resident in order to pass the benefits along to his children. He indicated that he wants his children to avail themselves of the opportunities in the U.S. to grow. "I know it's a big investment," Mr. Abrao explained, "but I want a better quality of life, and want to give my children the opportunity to explore better options in the U.S. They may want to come back to Brazil one day and apply what they learned in the US a choice that they would make independently as grown adults."

For investors who seek economic opportunity in addition to a green card, Direct EB5 investment provides such opportunity. The business market in the US is very attractive for Brazilians who wish to start up their own enterprises. For example, Mr. Darthanhan de Oliveira (43), an engineer and owner of DH Ambiental in Sao Paulo, made his initial EB-5 investment and began his green card application by focusing on his business. Mr. Oliveira creates vertical landscaping for hospitals, commercial building and houses in Brazil, and he found that the United States has a need for more green projects. He is excited to explore this opportunity, stating: "Couple years ago, I was invited to go to Portland,

OR to show our projects. We worked with the city and universities to create local projects. Brasil is way ahead of US in Environmental technology and researches, and I want to share our knowledge and expertise with the US market." Darthanhan and Jamil are among several Brazilian investors that are investing \$900,000 and they both agreed that the value of their investment is "priceless" because they are investing in a better quality of life, education and safe environments for their families. The high exchange rate between the U.S. dollar and reais (Brazilian currency) did give these investors pause before investing, but ultimately it did not stop them. According to them, the amount that they will save by not having to pay for private schools, drivers and nannies to help with their kids in Brazil, will pay off in a long run. Mr. Abrao states:

There is no doubt that we spend way more here in Brasil with schools for the kids. We don't have a good public-school system, so we are forced to pay for private schools since they start kindergarten. Our schools only offer half day schedule, that means, we have to have a nanny to stay with the kids the other half of the day, and it's very expensive.

Mr. Moreno, the attorney helping investors such as Darthanhan and Jamil make their dream a reality maintains that the increased amount from \$500,000 to \$900,000 will not stop wealthy Brazilians pursuing their dreams to move to the United States. When they weigh the cost of college tuition against the benefits of the EB-5 program, particularly for their children, the increased

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price is insignificant in the grand scheme of things.

Mr. Moreno agrees that, in spite of the increase in the minimum investment option from \$500,000 to \$900,000, a small percentage of Brazilians continue to be able to afford to invest their capital through the EB-5 program. Studies from the Global Wealth Report<sup>2</sup>, the Credit Suisse Research Institute's annual publication on wealth around the world, which ranks nations based on the number of individuals with over one \$1 million USD in assets, indicates in its 2019 Rise of the Millionaires that Brazil was the sixth largest country in the world, slightly behind the Netherlands, Germany, China, Japan and the United States. Specifically, in 2019, the number of millionaires in Brazil reached 259,000, an increase of 19.35% compared to the previous year, when there were 217,000 millionaires. By 2024, fiscal forecasts suggest that the number of Brazilian millionaires will grow by 23% to 319,000. The survey estimates that the richest 1% of the Brazilian population owns 49% of all family wealth in the country, which reaches \$3.5 trillion. The result is even more impressive in the case of the so-called ultra-rich, who have assets above \$ 50 million: Brazil had the second highest global rise, only behind the United States. While the USA gained 4,200 ultra-rich, Brazil saw the number rise by 860 people between 2017 and 2018.

Other key attributes of Brazilian investors, according to Mr. Moreno, is that they are very "hands on" investors. Mr. Moreno stated:

<sup>2</sup> <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>

Although many prospective investors with whom we interacted would invest their capital in just about any viable project recommended by their representatives, most prospective investors asked a myriad of questions on how their funds would help the communities in which they would invest. Specifically, ***they wanted to know whether their investment create other business opportunities for U.S. citizens who developed a smaller business "across the street", such as a coffee shop, from the newly created EB-5 project.*** Some wanted to invest through a regional center but also potentially invest in their own business.

Others had interest in starting as soon as possible, so we discussed an E-2 but is it, an E-2 visa, is not available to Brazilians. Therefore, our discussion concentrated on getting a B-1 visa to participate in meetings of the EB-5 project while USCIS processed the EB-5 petition submitted through a regional center. What was also important was any potential return on their investment. The currency exchange between the U.S. and Brazil has a remarkable difference. Essentially, they are investing double based on the currency differentials, so projects with high potential returns were considerably attractive to them. In any event, what I learned even more, is that Brazilians are comical, have a great sense of

humor, and love their race cars, which the Indy500 was very popular with them and of course Helio Castroneves being on Dancing with the Stars.

My overall impression is that they love spending money and having a great time on the condition that communities are being developed to create better job opportunities for the youth.

The turmoil of political scandals, public financing shortfalls, a massive economic decline, and a rising crime wave is leading high net worth individuals to look for safer havens even if they have to leave home to find them. Some 2,000 Brazilian millionaires left the country in 2017, according to The Global Wealth Migration Review, a joint report from Johannesburg-based market researcher New World Wealth and AfrAsia Bank.

According to the investment brokers that I interviewed, the number of Brazilians applying for EB-5 visas will continue to increase in significant numbers over the next decade. Brazilians are now just becoming familiar with the EB5 program and its benefits, and this market has attracted a lot of attention. We have been at the forefront in educating potential investors, as well as aligning with a myriad of legal professionals in Brazil who represent high net worth individuals. We are excited that IIUSA will host the first EB-5 Conference in Sao Paulo, this year, and will help Brazilians learn more about the program. I believe the number of EB5 filings will increase significantly in the next several years, *so the time to focus on Brazil is now.* ▶