

## ***this month...***

- **American media outlets profile immigrant investor program:** Learn what the *Wall Street Journal* and CNBC have to say about EB-5 (**pages 1 & 2**)
- **EB-5 effort in South Dakota saved at the last minute:** Read how the state's banking commission intervened to assist stalled project (**page 3**)
- **Projects in Alabama, Michigan receive USCIS approval (pages 4 & 5)**
- **Western governor travels to China seeking EB-5 investors (page 7)**

## **Wall Street Journal Declares Immigrant Investors "An Underserved Market"**



A [recent entry](#) in the *Wall Street Journal*'s "Financial Analyst" blog hones in on the EB-5 immigrant investor program, in particular the opportunities it may create for financial services professionals in the United States.

According to [USAadvisors.org Managing Director Michael Gibson](#), who was interviewed by the *Journal*, "Any financial services firm that does not cater to these people is going to be missing out [on] a huge source of revenue over the next few years." Gibson, who runs EB5info.com, points out how his clients often have net assets higher than \$5 million. These are people who not only open up bank accounts and buy houses, but who "need a broad array of financial services, including insurance and investments, estate planning, tax services, and help planning for their children," he says.

And as the number of [USCIS-approved EB-5 regional centers](#) grows and more US projects are funded by EB-5 dollars, a larger number of immigrant investors and their families will be making use of the EB-5 visa. It is a niche market where growing demand could spell opportunity for financial professionals willing to tailor their services to these individuals' needs.

[Greg Siskand, an immigration attorney](#) with Siskand Susser, was also quoted by the *Journal*: "I've not heard of the big Wall Street firms being involved in a major way in this business, so I think it's an area of opportunity."

For financial advisors who would like to enter the immigrant investor market, Gibson and Siskand provide these recommendations:

- Leverage diversity and foreign language skills

"If they have foreign language skills and can cater to these individuals," that's a huge advantage, Gibson notes.

- Investigate multiple Regional Centers

Since most centers haven't been operating long enough to complete their projects or establish an investment track record, Gibson said he fears that many projects marketed to investors "won't be successful commercially, or in terms of job creation."

- Establish broader networks

Regional Centers and immigration lawyers are good sources of referrals for EB-5 clients, but they rely on referrals, too. Many centers pay about \$25,000 for investor referrals, Gibson said.

- Deepen conversations with clients

In closing, the *Journal* notes that investors who participate in the EB-5 program should be prepared to have their funds tied up for several years. According to Siskand, there may also be significant "uncertainty about the end of the process."



## **CNBC's Take on the EB-5 Visa Program: "If you want to come to America, money talks."**

CNBC [profiled the EB-5 visa program this month](#), acknowledging both the regional center platform as well as those investors who utilize the EB-5 program as individuals.

One immigrant investor interviewed for the special was Grant Fraser, a Canadian entrepreneur and founder of Utah-based Navigator, which CNBC describes as an "award-winning" computer software company.

"I probably would have started the business, but without the ability to get the green card, I probably would have moved back to Canada," says Fraser, whose company employs 48 Americans.



The CNBC piece also included commentary from [immigration attorney Martin Lawler](#), who describes the the EB-5 program as "not well known." As Lawler also points out, EB-5 "requires a lot of capital [...] The capital has to be at risk."

Click to [watch the video](#) on EB5info.com.



## Hope not Lost for EB-5 Investors in South Dakota Agriculture Project

The South Dakota Banking Commission [may have just saved several EB-5 investors](#) from losing their opportunity to obtain U.S. residency. According to *American News*, a small group of investors will be able to make a short-term \$30 million construction loan to Northern Beef Packers, a [South Dakota](#) company, without obtaining a state lending license.

An affidavit filed for Wai Yee Christine Ma, a Hong Kong resident who directs a Cayman Islands-based company that recently formed a special purpose entity--Epoch Star Limited--for the sole purpose of making the loan, states that going through a state licensing process would effectively end the ability of Epoch Star Limited to make the \$30 million loan to Northern Beef Packers, which the latter urgently needs. During a hearing with the South Dakota Banking Commission, the loan was described as the "last major piece" needed to revive a stalled beef plant project, which happens to be a primary piece of South Dakota's certified program for producing high-quality beef products.



Additional financing for the program has already come in the form of investments made by wealthy foreign nationals participating in the U.S. EB-5 Visa Program. Were the State of South Dakota not to allow an additional avenue for financing, the project may very well become a financial failure, compromising the ability of investors to receive their green cards.

The project, which began in 2005, involves the use of an empty building that currently "has many liens and other claims against it," according to the press. Capital raised by the original investors, among them EB-5 immigrant investors, is still insufficient to make the new beef packing plant operational. The \$30 million obtained from Epoch, however, should be enough to convert the building in question into a beef packing facility and close any gaps in financing.

At the hearing, Steve Sanford, the attorney representing Epoch, reportedly stated, "I think we need to be grateful we live in a state where we can get this kind of thing done with dispatch." EB-5 investors are likely to feel the same way.



## ACFI's HK Motors Proposal Receives USCIS Approval

[America's Center for Foreign Investment](#) Regional Center may now use EB-5 funds to finance a hybrid car manufacturing facility in Alabama.



In a letter to the regional center dated June 1,

USCIS states the following: "Based on its review and analysis of your proposal, USCIS hereby designates the Hybrid Kinetic [HK] Motors Project A as an approved Capital Investment Project for the America's Center for Foreign Investment (ACFI) Regional Center." *photo courtesy of HK Motors*

With the USCIS seal of approval, ACFI is free to move forward seeking immigrant investor dollars via the EB-5 Visa Program. Its doing so, however, has not already been without some [skepticism from the press](#).

As [a columnist for the Montgomery Advertiser points out](#), the project must receive at least \$1 billion in financing before the State of Alabama is willing to cut the regional center a check. Since initial funding for the HK Motors project will largely come from the EB-5 program, the regional center will need to find an extraordinarily large number of investors if it is to receive any additional funding.

According to regional center operator [Boyd Campbell](#), ACFI understands that the "scope of the HK Motors project is huge [...] But we are moving forward because time doesn't stand still and HK Motors wants to build a fleet of next-generation motor vehicles using next-generation 'green' technologies that are here today."

HK Motors is a Pasadena, California-based startup. It has yet to manufacture any cars, but plans to produce up to 3 million hybrid cars per year in the United States. On display at a press conference earlier this year was an Italian-designed concept car, the likes of which HK would like to produce at the Alabama facility.



## Michigan State Capital Receives EB-5 Regional Center Designation

USCIS has approved the city of Lansing, Michigan as an EB-5 regional center. According to [a press release from the Lansing Economic Development Corporation](#) (LEDC), Lansing Mayor Virg Bernero claims the "coveted designation" will allow the city to "attract and leverage foreign investment that will help grow the city's economy and create new jobs."



With nearly 100 EB-5 regional centers now operating in the U.S., the city joins a growing list of organizations created to attract investment dollars from wealthy foreign nationals interested in obtaining a U.S. green card. According to LEDC, [the city's EB-5 regional center](#) will tentatively operate under the moniker "International Business Investment Zone" (IBIZ) as it seeks to finance projects in the sectors for which it has received approval--information technology, bioscience, advanced manufacturing, and higher education.

IBIZ will also work with the Lansing Regional Chamber of Commerce (LRCC), the Lansing Regional International Trade Center, and the Lansing Economic Area Partnership (LEAP) to facilitate the arrival of EB-5 funds from abroad. Those involved with the regional center's operation have made the following statements in reference to Lansing's approval as an EB-5 regional center:



"This is another home run for our regional business community," said Tim Daman, President and CEO of the LRCC. "Mayor Bernero and the Chamber share a vision of transforming the Lansing region into an economic powerhouse with global reach. The EB-5 program is a perfect companion to our successful efforts to designate Capital Region International Airport as a U.S. Customs Port of Entry and Foreign Trade Zone."

LEAP President and CEO Denyse Ferguson said the city's EB-5 status will make the Lansing region an even more compelling location to start a new business. "When you add together all of the tremendous assets that already make our region a great place to live and work, the EB-5 Regional Center sends a strong signal to the rest of the world that Lansing, Michigan is open for business," Ferguson said.

Whether the presence of a third regional center in Michigan--the [EB-5 Michigan Regional Center](#) and [International Michigan Investments Regional Center](#) have already received USCIS approval--will help spur the state's struggling economy is yet to be seen. Interest in the EB-5 program has increased significantly this year, and competition on the regional center playing field continues to increase.



## **Victorville EB-5 Projects Among "Most Successful" in United States Says Principal**

Last month, the [Victorville Regional Center in Southern California](#) secured ten Chinese investors for its project at a local airport.

Inland Development Group, the company with which the city of Victorville has partnered for the purpose of raising funds through the EB-5 immigrant investor program has obtained a total of 21 investors in its project thus far, all of whom are from China. Each investor put forward \$500,000 for the Southern California Logistics Airport project in Victorville, raising a total of \$10.1 million.



In a statement to the press, Inland Energy president William Buck Johns said the program in Victorville is "one of the most successful [EB-5] programs in the country." 18 more investors are already in the process of wiring an additional \$9 million into the city's escrow account.

Victorville's EB-5 funding will first go toward construction of a wastewater treatment facility integral to the operation of a nearby Dr. Pepper/Snapple bottling plant and Plastipak plastics facility. This is the cornerstone of larger efforts to fund development near the airport. The city's goal is to raise \$25 million through the EB-5 program by November, and each investor is putting it closer toward achieving that goal.

On June 15, Johns will travel to Asia on another of several trips he has been making to secure additional EB-5 investor capital for the city of Victorville. In addition to China, Johns will pitch the project to prospective investors in other countries, including South Korea.



## Idaho Governor Travels to China to Promote EB-5 Investment

The state of Idaho is [making an effort](#) to secure investment dollars via the EB-5 visa program, and many Chinese investors have already committed.

Earlier this month, Governor Butch Otter traveled across China pitching the [Idaho State Regional Center](#)'s cornerstone project--an existing gold mine in the Boise Basin near Idaho City. The regional center and Westlink, its Chinese partner, have already secured 120 investors who will be pumping a total of \$60 million into the project in exchange for U.S. green cards.



The visit was not limited to Idaho's effort to obtain EB-5 investments, but also served as a platform for the governor to push for the increased presence of Idaho businesses in the Asian nation. Otter managed to meet with Yi Xiao Jhun, the Chinese Minister of Commerce, on behalf of Melaleuca, an Idaho company that sells health and wellness products. With Otter's blessing upon the company, Yi agreed to consider licenses that would expand the Melaleuca's Chinese operations.

According to Steve Wood of Oxyfresh, an Idaho company that sells dental, pet, and healthcare products, "Every company we met wanted to do something with us." Oxyfresh and several other Idaho companies were represented by Otter on his most recent China visit.

## List of South Florida EB-5 Projects Continues to Grow

The municipality of Jupiter, Florida may see an influx of money from the EB-5 program. The [Palm Beach Post is reporting](#) how, with domestic sources of financing growing more scarce in the down economy, some South Florida businesses are looking to foreign investors to raise capital.



A \$127 million Jupiter development known as Harbourside Place (pictured) is among the new ventures seeking investment from abroad, and it will use EB-5 as an incentive for receiving those funds. According to the paper:

The ambitious project would include retail, offices, boat docking and a hotel, with a rooftop bar and pool. Harbourside is slated to rise at the northwest corner of Indiantown Road and U.S. 1. Construction is expected to begin by the end of the year.

Normally, a project of this nature would obtain partial financing from banks. But with banks continuing to fail at a record pace, and remaining ones forced to set aside capital for souring loans, Harbourside's developer has had to be creative. So the developer is asking the U.S. Department of Homeland Security to approve the creation of an EB-5 center in Jupiter.

Nick Mastroianni, who would become an operator at [the regional center](#) if it receives USCIS approval, expects the project to create around 2000 jobs.

In addition to construction of Harbourside, Mastroianni hopes investment in the new regional center will spill over into the biotech manufacturing vertical. Two biotech companies already operate nearby, and Mastroianni believes more than 5000 jobs could be created over the next 7 years once the ambitious development comes to fruition.

The [Palm Beach Development and Finance Center](#), the *Palm Beach Post* notes, is another EB-5 regional center already operating in South Florida. It seeks to raise capital for projects as diverse as solar technology, security systems for the military and government entities, and home goods. While there is a lot of interest in the regional center, attorney Al Zucaro acknowledges that it has not yet secured any investors.

EB-5 projects are most attractive, says Zucaro, when they are both real estate-based and endorsed by local governments.



**Are you an EB-5 practitioner who would like to contribute an article?**  
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