

The foreign investor stimulus package

EB-5 visa program has potential in Portland, where some successes have already been achieved



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As America faces sequestration, meaning further budget cuts at the federal and state levels that most economists say will hurt the U.S. economy and threaten to trigger a double-dip recession, there is good news in the form of investment from foreign nationals through the EB-5 investment program.

This program, administered by U.S. Citizenship and Immigration Services, offers legal permanent residency to overseas investors who invest required minimums (\$1 million in general, but only \$500,000 in targeted employment areas) in projects that create at least 10 jobs per investment. Most of these investments are funneled through “regional centers” – private entities that submit business plans to USCIS and are approved for investments.

According to the Association to Invest in the USA (IIUSA), an EB-5 industry organization, regional centers since 2003 have:

- invested more than \$3.1 billion of foreign capital in the U.S. economy
- created more than 65,000 jobs for U.S. workers – all at no cost to U.S. taxpayers

That represents roughly 6,200 new immigrants to the U.S., as of 2010, with an accelerating pace of investments and new immigrants. IIUSA estimates that a permanent regional center program can bring in \$2 billion and 40,000 jobs a year.

The investments can be structured as equity, with a competitive total return component, or debt, at very competitive interest rates. There are many technical requirements to structure these funding mechanisms properly, and a developer seeking EB-5 financing must coordinate with qualified regional center and legal counsel.

Some of the successes of this “stimulus program” are evident here in Portland, where a new Marriott Hotel being developed by Williams/Dame, in partnership with Scott Fuller’s EB5

Global, is funded in part by these foreign investors, as are the developers’ companion Marriott projects near the L.A. Live entertainment complex. The structure of a qualified regional center, paired with an experienced developer with a successful track record, and funded timely by EB-5 capital, is a paradigm of doing it right.

Other EB-5 projects, particularly those with project sponsors who are not experienced developers or lack integrity, have gone down in flames.

EB5Info.com reported that: “In a coordinated action unprecedented in our industry’s history, the SEC and USCIS have coordinated to stop the activities of Anshoo Sethi and the EB-5 designated Intercontinental Regional Center Trust of Chicago from continuing to misappropriate funds from overseas immigrant investors in connection with the ‘A Chicago Convention Center LLC’ offering that he and Chinese migration agents were heavily promoting to investors.”

Who are the investors? According to the latest data available from the USCIS, 41 percent of EB-5 visas are issued to mainland Chinese investors, 16 percent are issued to South Korean investors, 7 percent are issued to Great Britain and Northern

Ireland investors, and the remaining ones are issued to people of other nations.

When properly structured to promote viable and qualified development and job-creating projects, EB-5 investment can be a win for

developers, investors seeking legal permanent residency and the country. The program is subject to abuse, however, and foreign investors and domestic developers should carefully plan their investments with qualified professionals.

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