

**Got \$500,000? The U.S. Awaits
Government's EB-5 Program Offers Foreign Investors Green Cards for Job
Creation**

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By Miriam Jordan
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An obscure immigration program is pumping millions of dollars from foreign investors into dilapidated inner cities and employment-starved rural areas across the U.S. These investors aren't focused on financial returns, however: They're in it to get green cards.

In recent years, a growing list of enterprises -- in agriculture, tourism, renewable energy, education and transportation -- have benefited from a little-known federal program known as EB-5, or the immigrant-investor visa. It offers a tantalizing trade-off for foreigners who want to establish residency in the U.S.: For a \$500,000 investment in a distressed area, a foreigner and his immediate family become eligible for conditional green cards. They become permanent a few years later upon evidence that the investment has created at least 10 jobs for U.S. workers.

The program, administered by U.S. Immigration & Citizenship Services, essentially encourages wealthy foreigners to buy their way into the U.S. Put in place in the early 1990s, it is widely regarded as a response to efforts by Canada and Australia in the late 1980s to attract investors keen to immigrate. But the U.S. program is considered the most stringent because it requires proof that the investment has produced new jobs before permanent residency is granted.

The U.S. program lately has become popular among investors from South Korea, China, Venezuela and Saudi Arabia desperate to bypass the uncertainty and years-long wait to gain residency through traditional means. Helping fuel the new interest are immigration attorneys and others aggressively marketing the program abroad.

"The opportunity is truly beautiful to individuals who want to live and contribute their energy in the United States," says Morrie Berez, chief of the EB-5 program at the immigration agency. "And it creates economic growth and especially jobs for Americans." The job-creation aspect of the program appears to have neutralized criticism from anti-immigration activists.

Under the program, developers sometimes working with local officials apply to the Immigration agency for "regional center" status, typically in a distressed area. Once approved, a regional center markets its program overseas to investors who become equity partners.

The projects promise only modest returns. But that isn't the main concern for investors such as Sungtae Kim, a Korean software entrepreneur who wanted to come to the U.S. to give his daughters better opportunities. After failing to qualify for a U.S. alien-worker program, he heard about EB-5 from a friend in Los Angeles. Soon, he was in touch with the Seoul branch of a U.S. law firm that specializes in the program.

After attending a seminar in Seoul to learn about the regional centers, Mr. Kim decided to put \$500,000 that he had saved over 20 years from a software business into a dairy farm in Veblen, S.D. "I wanted to give my two daughters a better life and good education," he says. Two weeks ago, Mr. Kim and his family moved to a Los Angeles suburb known for its strong public schools. Mr. Kim, who has never visited a dairy farm, hopes to once he is settled.

South Dakota, one of the first states to tap into the program in 2004, credits the immigrant-investor scheme with reviving its dairy industry and starting a new meat-packing sector. The state had been trying to attract foreign investment in its dairy industry before it discovered the EB-5 program. It got regional-center qualification for a swath of 45 contiguous counties in the eastern part of the state. In two years, the program has helped fund new dairy farms worth \$90 million and beef-processing plants valued at \$52 million, state officials say.

"Suddenly we have extra capital to accelerate development and help South Dakota farmers who want to go large-scale but lack capital," says Joop Bollen, who oversees the state's program, which has attracted European and Asian investors.

In the financial year that ended Sept. 30, the immigration agency awarded 803 conditional EB-5 green cards to investors and their families, up from 247 in 2004. Mr. Berez hopes by 2011 to be issuing all 10,000 of the green cards available each year under the program -- a potential of nearly \$2 billion in annual investments, he estimates.

Around the U.S., 17 regional centers under the EB-5 program have attracted about \$500 million in foreign funds. Projects include dairy farms in Iowa, nut farms in California, schools and health-care facilities in Alabama, ethanol plants in Texas, and a film and TV production studio in Pennsylvania. Mr. Berez's team is considering several more areas.

Tom Willis, chief executive of Conestoga Energy Partners LLC in Liberal, Kan., recently guided Korean investors around a new ethanol plant in which they are minority partners. "Their dollars allow us to create jobs, a greater tax base and grow our schools," Mr. Willis says. "You hear about people leaving rural America...This helps us control our destiny."

The program isn't a slam-dunk for applicants. The U.S. government temporarily suspended it in 1998 to tighten up procedures that enabled some investors to disburse less money than agreed. Mr. Berez, a former official at the Government Accountability Office, was charged with overhauling the program in 2002. Now, investors must put up the entire \$500,000 before they can file their green-card petition.

To get his family to the U.S., French law professor Eric Canal-Forgues, a consultant to the World Trade Organization, put his life savings into a Philadelphia regional center that involved partially financing Comcast Corp.'s new international headquarters.

"I have gotten from Europe everything I want," says the 45-year-old Paris native. "The United States is a place where you can do many things." He wants to further his career and raise his two young children as fluent English speakers.

It took Mr. Canal-Forgues almost a year to amass the paperwork required, which included showing the origins of the \$500,000 he was committing, his tax returns, pay stubs and employment contracts. In May, he received his conditional approval from Immigration, pending an interview at the U.S. embassy in Paris. He hopes to move to the U.S. with his family by mid-2008.

"The EB-5 program is one of the most complex and heavily scrutinized immigration programs," says Stephen Yale-Loehr, Mr. Canal-Forgues's attorney and an expert on EB-5 visas. "Investors must show every cent was earned legally."

The Immigration agency also needs to ensure terrorists aren't buying their way into the U.S. And, given U.S. sanctions, an Iranian EB-5 applicant under consideration must prove that he didn't make money from doing business with that country's government.

In Seattle, critics have complained that revitalization of an area south of downtown has raised rents for industrial tenants. But the program hasn't drawn notable criticism from immigration-restrictionist groups. "If jobs are being created in exchange for visas through a process you can verify, I don't think we can object to it," says Ira Mehlman, a spokesman for the Federation for American Immigration Reform, which calls for a clampdown on both legal and illegal immigration. But he suggests that the program should "remain small in scope."

Competition for EB-5 dollars is intensifying as more areas win regional-center designations. Venture capitalists William Hungerford and Tim Milbrath have been traveling to the Middle East seeking investors for a fund that will invest in extended-stay hotels, private clinics and other infrastructure in New Orleans and the Gulf Coast. South Dakota's Mr. Bollen recently put in calls to Argentina and Brazil, hoping to tap into a new pool of foreigners eager to live in the U.S. "We want to continue to pick as much fruit from the EB-5 tree as we can," he says.