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Thinking of Investing in an EB-5 Regional Center? Some Things to Consider

Top 10 Due Diligence Questions

The EB-5 Immigrant (Green Card) Investor Visa requires that you invest either \$1,000,000 in a city settings, or \$500,000 in rural settings, and in return, the U.S. Government will give you, your spouse and your children a Green Card. The full set of EB-5 requirements can be viewed by [clicking here](#). Investors who wish to obtain a green card through the EB-5 program can take the active route of starting or purchasing a company or the passive route of investing in a regional center. This article focuses on the key due diligence questions that an investor should ask if they decide to consider investing in a regional center.

First, what is a regional center? A Regional Center is a private enterprise, corporation or a regional agency with a targeted investment program within a defined geographic region. The best way to think of a Regional Center is that it is a business that focuses on the development or construction of projects (eg. hotel, railway, etc.) and allows investors to invest to obtain a green card. This differs from the more direct EB-5 investments where an individual may want to start his/her own business.

With over 200 regional centers, it is difficult to decide which one to select. Before you read on though, you should note that regional centers are not risk free and if you invest in a regional center you could lose your investment and not get a visa. Also, some regional centers have been the subject of SEC investigations. Finally, United States Citizenship & Immigration Service (USCIS) "approval" of a regional center does NOT mean that they are backing or providing any assurance with respect to the regional center. If a regional center goes bankrupt, you will not get your visa or your money back.

If you do decide on a regional center though, here are some questions you should ask before you invest. When looking at these questions, you should understand that the immigration process for an EB-5 investment involves 3 steps. The first step is to file a I-526 petitions which shows that you meet the requirements in the statute to invest. Step 2 is the application for the conditional green card and this is done after the I-526 is approved. Finally step 3 is the filing of an I-829 which is the removal of the conditions after the applicant show that they have created 10 jobs.

Note: This article is a very general summary of the types of questions you should consider and should NOT replace hiring a qualified immigration attorney, investment advisor and a lawyer who understands the complex law of Securities. Just like with any other investment, you and your qualified representatives should perform a significant amount of due diligence prior to investing in a Regional Center.

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So here are the top 10 questions you should consider when considering investing in a regional center:

1. How many I-526 petitions have been filed by investors and how many have been approved and denied? This information should be readily available and get the details in writing. A new regional center may not have any approvals yet and this should be of concern particularly if you are a risk averse investor.
2. How many I-829 condition removal approvals have the regional center investors received and how many denials? This is a very important question as the investor needs the conditions removed after 2 years and a high approval rate shows whether or not the regional center has actually created a sufficient number of jobs such that other investors have received green cards. Many regional centers have not been in business long enough to have conditions removed and some investors only focus on regional centers who have been around for over 2 years so that they can see an established track record.
3. When will the investor be able to redeem his or her investment following condition removal? The standard is 5 years for the payout. That is, you must keep your investment invested for 5 years. The investor should be aware that the investment is a Risky Investment and that there can be no guarantee that the investor's funds will ever be returned, or that the conditions on residence will be removed. This means you could lose the money and not get the visa.
4. What has been the rate of return to investors in the past? Rates of return are low on these investments (usually around 1%). When you take into account the fees, the rate of return is negative.
5. Has the regional center's project been approved by USCIS? Some regional centers will tell you that "approval is pending" and this of course is not optimal. Approval though does not mean that USCIS is vouching for the regional center.
6. Is the regional center affiliated with any state or local government entity? If so, an added level of credibility exists. Keep in mind though that regional centers know this and you will often see "state" or other things that imply that the regional center has a government affiliation. Even if there is a state or local government affiliation government will NOT guarantee an investment.
7. How much experience do the owners of the regional center have. This is an investment just like any other investment so track record and experience are important.
8. How much does an investor have to pay? This is \$500,000 for most regional centers but they all have fees. Fees range from \$25,000 to \$70,000. For some regional centers, the investment amount will be \$1,000,000. Clarify this before you start your due diligence as you may be wasting your time if you only have \$500,000 to invest and the project requires a one million dollar investment.
9. Is payment made into an escrow account and is the investment refunded if the I-526 is not approved? The industry standard is that the money (both the \$500,000 plus fees) is returned if the application is not approved.
10. What is the regional center's plan for demonstrating direct or indirect job creation, and is

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this plan realistic? The last thing an investor wants is to invest \$500,000 or more and not get the visa. If the regional center does not create 10 jobs for every \$500,000 that they take in, you may not get the visa. You should also find out where the investor will fall in the project. That is, will the investor be one of the last investors in a project? If job creation falls short, the last investors may lose out.

If you are considering an E-B5 Visa, contact Scott Legal Services, P.C.. For more information on this and other immigration Visas click [here](#). You can also call us at 212-223-2964 or email us at iscott@legalservicesincorporated.com.

Also, click [here](#) for your free **White Paper** that summarizes the top 10 Immigration Questions and Answers.