

Background

What is an EB-5 Regional Center?

- EB-5 Regional Centers are private lending organizations that are designated and regulated by the United States Citizenship and Immigration Service (USCIS), which is an agency of the Department of Homeland Security. Regional Centers facilitate investment in job-creating economic development projects by pooling capital raised under the EB-5 immigrant investor program.
- The Regional Center program was most recently reauthorized by the United States Congress through legislation called the EB-5 Reform and Integrity Act of 2021 (the “RIA”).

What do Regional Centers do?

- Regional Centers identify investment opportunities that will create jobs in local communities, assist in marketing investment opportunities to investors around the world, and ensure that the investment offering complies with federal and state securities laws, SEC regulations, and EB-5 requirements.

The Regional Center develops a private placement memorandum which details the investment offering, including detailed explanations of the project that will be funded, disclosures of risk, and material information consistent with all applicable federal and state laws.

- Regional Centers are a program of the Federal Government and raise capital for projects after undergoing a formal process, which requires projects to be registered with USCIS prior to a Regional Center proceeding to raise capital through a formal offering.

What is MidAmerican Global Ventures?

- MidAmerican Global Ventures (“MAGV”) owns two EB-5 Regional Centers, which are registered through United States Citizenship and Immigration Services. MAGV was acquired in 2020 by Value Recovery Group Inc. from Hicks Partners, who completed various projects in its regional centers.
- The MAG Ventures 2 LLC (“MAG2”) Regional Center has a federally-designated territory of 17 counties in the State of Ohio, primarily centered around Central Ohio.
- The MAG Ventures 3 LLC (“MAG3”) Regional Center has a federally-designated territory of 18 counties in the State of Ohio, primarily along the Ohio River in Eastern Ohio, and serves the Cleveland, Akron, Canton, and the Youngstown MSAs.
- Through its Regional Centers, MAGV was active prior to 2020, and was unable to pursue projects until the RIA was signed by the President in 2022. Since this period, MAGV has been very active in the marketplace, in all stages of the process – from originations, loan documentation completion, fundraising, and loan servicing.

Checks & Balances make EB-5 funding a safe and reliable program



-  **Defending our border and institutions:** The Act precludes persons failing to meet the *bona fides* requirements from involvement with a regional center, new commercial enterprise (“NCE”), or job-creating entity (“JCE”). A person is precluded if the person (1) has committed a crime or offense involving fraud, (2) is subject to an adverse order by a financial regulator, (3) would be barred under U.S. immigration inadmissibility laws, or (4) has been listed, disciplined, or reprimanded for reasons including fraud. All investors are thoroughly vetted by both the Regional Center and by USCIS prior to qualification.
-  **Compliance with Securities Laws:** The Integrity Act specifies that required compliance with securities laws relates to using commercially reasonable efforts “to monitor and supervise compliance with the securities laws” and not to the potentially broader obligation “to confirm compliance with the securities laws” in the 2020 Version and earlier draft legislation. This change represents another important advancement in imposing reasonable limits to regional center oversight obligations.
-  **Regional Center burdens:** Regional Centers (RCs) must keep records and undergo USCIS audit every five years. Applications and annual reports must include broad certifications of securities and other compliance conditions. RCs are held accountable for their actions and may face penalties for misstatements or noncompliance including suspension, fines up to 10% of capital raised, debarment of individuals, or termination. RCs must share relevant portions of annual statements with investors. Only citizens and permanent residents may be involved with a RC, and people with checkered pasts are barred. Foreign governments are barred from any aspect of EB-5, except ownership (but not administration) of an arm’s length job creating entity.
-  **Integrity Fund:** The Act creates a fund to monitor, investigate, ensure compliance, and to conduct audits and site visits, with an annual fee is \$20,000 from each regional center. A failure to pay the fee will subject the regional center to a penalty and termination. USCIS is be required to submit an annual report describing the uses of the fund in the prior year.
-  **Promoters/intermediaries:** Those who promote RC projects to prospective investors (aka intermediaries), which includes migration agents abroad, must register with USCIS, show they are not bad actors, follow USCIS guidelines for immigration and securities compliance, have written agreements with issuers, and fully disclose all fees to investors in writings that will be filed with investor petitions.
-  **Department of Homeland Security safeguards:** Department of Homeland Security requires business plans to be filed before accepting investors; investors can refer to them when filing their I-526 petition
 - Must include credible business plan, economic analysis, documents filed with SEC and state securities regulators, the offering package and marketing materials
 - Must reference all material risks, conflicts of interest, detail compensation to be paid to anyone along with a description of services and contact info of such persons
 - Must include the policies and procedures of the regional centers; internal due diligence designed to comply with securities laws both federal and state
-  **Investor Protection:** The current bill has grandfather language that unquestionably favors investors. This will ensure that all existing EB-5 Regional Center investors will be grandfathered in and will have their petitions processed and their Green Cards issued even if the program lapses in the future, thus in large part securing project investments as the investment-backed expectation is preserved.

Increased transparency and compliance requirements upon the Regional Centers brings upon renewed confidence in the program.