



December 3, 2015

**Support The American Job Creation and Investment Promotion Reform Act:
Reforms to the EB-5 Regional Center Program are Needed**

Dear Senator:

On behalf of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the rights of all persons in the United States, we write to express our strong support for the bipartisan, bicameral efforts to reform and provide long term re-authorization for the EB-5 Regional Center Program before its December 11, 2015 expiration date. We applaud Senate Judiciary Chairman Chuck Grassley (R-IA), Committee Ranking Member Patrick Leahy (D-VT), and House Judiciary Chairman Bob Goodlatte (R-VA), Ranking Member John Conyers (D-MI), Immigration Subcommittee Ranking Member Zoe Lofgren (D-CA) and Congressman Darrell Issa (R-CA), for their leadership in drafting and supporting this bipartisan compromise, The American Job Creation and Investment Promotion Reform Act (the Proposal). This Proposal strengthens definitions for targeted employment areas to ensure that investment reaches the communities that need it most. Importantly, the Proposal includes a set-aside of 2,000 visas for projects specifically located in distressed urban areas. We urge you and your colleagues to support it.

Congress originally created the EB-5 regional center program to promote capital investment and job creation in rural and high unemployment urban communities. Since then, however, reports indicate that the program has been misused, with EB-5 regional center investments largely going to finance developments in wealthy neighborhoods. The Proposal would provide a much-needed course correction to the EB-5 regional center program by restoring the original intent of Congress to target EB-5 regional center investments toward the rural and high unemployment urban neighborhoods that need them the most.

The Leadership Conference strongly believes that the lodestar for the reauthorization of the EB-5 regional center program must be job creation and investment in rural and high unemployment urban areas. As the communities we represent know all too well, many families are still struggling as the economy continues to recover from the recession. Indeed, unemployment and underemployment continue to be uneven among different racial and ethnic groups, as well as in different geographic regions. In June 2015, when the national unemployment rate was reported as 5.3 percent, African Americans and Latinos had much higher unemployment rates, coming in at 9.5 percent and 6.6 percent respectively.¹ Nationally, whites had an unemployment rate of 4.6 percent,² but we know this figure fails to capture regional disparities.³ Our nation can only justify the continued existence of the EB-5

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¹ Wilson, Valerie. "Black Unemployment Rate Dips Below 10 Percent in 11 of 24 States Measured in Second Quarter." Economic Policy Institute 4 Aug 2015. <http://www.epi.org/publication/black-unemployment-rate-dips-below-10-percent-in-11-of-24-states-measured-in-second-quarter/>

² *Ibid.*

³ <http://www.bls.gov/web/laus/laumstrk.htm>



program if it actually follows through on its original mission: directing investment from this visa-for-sale program to rural and high unemployment urban areas in order to spur much-needed job creation in these communities.

Currently, the EB-5 immigration investor program gives foreign investors the opportunity to attain U.S. residence status when they invest \$1 million in a business in the United States that creates 10 American jobs. When the project is in a rural or high unemployment area, the investment threshold is cut in half, to \$500,000, in order to incentivize capital investment in these communities. Through the EB-5 regional center program, EB-5 investors can pool capital, thereby creating greater investment in communities where traditional financing is often difficult to get.

The Proposal would:

- **Extend the program** through September 2019;
- **Provide increased authority to DHS** to deny or terminate applications where there is fraud, criminal misuse, or a threat to public safety or national security;
- **Establish an “EB-5 Integrity Fund”** in which regional centers and investors would pay fees to be used by DHS to conduct audits and site visits to detect and investigate fraud in the United States and abroad;
- **Require background checks** of regional center and project principals;
- **Require more disclosures to investors** regarding business risks and conflicts of interest;
- **Require more oversight** of projects and **closer monitoring** for securities compliance;
- **Strengthen the incentives for investment in distressed areas** so more capital reaches urban poor and rural areas, as Congress originally intended;
- **Raise the lower investment threshold to \$800,000** to ensure more money goes to the areas that need it, and provide a mechanism for automatic adjustments going forward;
- **Improve how jobs are calculated** to ensure that EB-5 projects truly create the statutorily-required 10 jobs per investor;
- **Improve accountability and transparency** by requiring that DHS employees document certain communications and by prohibiting preferential treatment; and
- **Decrease petition processing times**, which have been plagued by massive delays, by providing premium processing and requiring fees to be adjusted to the rate necessary to achieve efficient processing.

For these reasons, we support reforms to the EB-5 Regional Center Program and urge you to support the Proposal. For more information, please contact the following individuals: Senate staff: David Pendle (Leahy) at (202) 224-7703 and Kathy Nuebel (Grassley) at (202) 224-5225; House staff: Danielle Brown (Conyers) at (202) 225-5126 and George Fishman (Goodlatte) at (202) 225-3951.

If you have any other questions, please contact Nancy Zirkin (202) 263-2880 or Emily Chatterjee, Senior Counsel at (202) 466-3648. Thank you for your consideration.

Sincerely,

Wade Henderson
President & CEO

Nancy Zirkin
Executive Vice President