

Report: Immigration Agency Should Seek EB-5 Help

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By DIRK LAMMERS Associated Press

The U.S. Citizenship and Immigration Services should get help from the Department of Commerce to oversee projects funded by the federal EB-5 investment-for-green-cards immigration program, a Washington think tank says in a report released Wednesday.

The Brookings Institution's study agreed with a December report by the Department of Homeland Security's Inspector General that found that the visa program for foreign investors goes far beyond the immigration agency's mission and it should better tap the business expertise of other government entities.

The program has faced some criticism because it's been used to fund several failed projects, including the idled Northern Beef Packers plant in South Dakota and a planned hotel and conference center in Chicago.

Audrey Singer, who co-authored the Brookings Institution report, said transferring the functions of the EB-5 program that have to do with vetting business plans and determining whether an economic development project created enough jobs to the Commerce Department or another agency could make the program more efficient.

"The shared responsibility would improve the program," said Singer, a senior fellow with the think-tank's metropolitan policy program.

The EB-5 visa program was created in 1990 to attract foreign investment and create jobs. An investor's primary goal is usually to obtain visas for themselves and their families, but each investment of either \$500,000 or \$1 million, depending on a project's location, must create at least 10 full-time jobs.

David North, a fellow with the Center for Immigration Studies, a Washington, D.C.-based nonprofit that examines immigration policies, said EB-5 is a more difficult and more troubled program than the report indicates. North, a longtime critic of EB-5, raised ethical questions about whether the United States should essentially sell visas for a half a million dollars each.

"I really would rather have it scrapped, but if it's going to continue, it should be revised drastically," he said.

Drawing on the Department of Commerce's expertise is a good idea, North said, but the immigration agency should also partner with the Securities Exchange Commission because it has more of an enforcement mentality.

North said the EB-5 program tends to draw marginal investments that can't get traditional financing from banks, and many of the projects funded with EB-5 money probably shouldn't be pursued.

But Singer said many EB-5 projects are viable and that the program has been drawing more attention because traditional financing has become so challenging.

"The banks have changed their practices so dramatically that this has become a viable option," she said. "Economic development folks are feeling the squeeze and they are looking around to improve the timing and sourcing of their funds."

The Brookings Institution report found that the EB-5 program seems to work well when the regional centers approved to recruit foreign investors collaborate with local and regional economic development entities. An increasing number of economic development leaders have been seeking information on the program, but they have a hard time understanding how it works, Singer said.

"It's a confusing web of intermediaries," she said. "We also talk about the fact that there is not a lot of data to evaluate the program."

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