

News: SEC Press Release on Chicago Case Settlement

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Securities and Exchange Commission v. A Chicago Convention Center, LLC, Anshoo Sethi, and Intercontinental Regional Center Trust of Chicago, LLC, Civil Action No. 13-cv-982(N.D. Ill.)

SEC Obtains Settlements in \$150 Million EB-5 Immigrant Investor Offering Fraud

On March 17, 2014, the U.S. District Court entered a consent judgment against defendants Anshoo R. Sethi, A Chicago Convention Center, LLC (ACCC) and Intercontinental Regional Center Trust of Chicago, LLC (IRCTC) for their roles in raising approximately \$158 million dollars from close to 300 investors as part of a fraudulent offering that targeted foreign nationals who sought to invest in the U.S. economy and gain a legal pathway to citizenship through the EB-5 Immigrant Investor Program, as alleged in the SEC's February 2013 complaint. The Final Judgment provides the following relief:

- joint-and-several liability for over \$11.5 million in disgorgement and prejudgment interest, subject to offsets for certain amounts refunded or credited to investors;
- permanent injunctions against future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder;
- an order enjoining and restraining defendants for twenty years from offering or selling securities issued by any of the defendants or issued by any entity owned or controlled by Sethi;
- a civil penalty of \$1 million against defendant Sethi;
- civil penalties of up to \$1.45 each against ACCC and IRCTC;
- ACCC and IRCTC agreed to wind up and dissolve after satisfying their payment obligations.

The Defendants will satisfy their payment obligations, at least in part, by paying over the funds frozen in certain bank accounts pursuant to the Court's asset freeze order in this case and also by selling property held in ACCC's name.

The Commission filed its case on February 6, 2013, and obtained a temporary restraining order and asset freeze against Sethi, ACCC and IRCTC. On April 19, 2013, the Court granted the Commission's motion to return to investors the entire \$147 million of principal that had been

frozen pursuant to the SEC's motions. The agreed upon settlement resolves, among other things, the disposition of approximately \$11 million in administrative fees paid by investors, which are the only funds remaining to be returned in order to make the investors whole.

Sethi, ACCC and IRCTC neither admitted nor denied the SEC's allegations.

<http://www.sec.gov/litigation/litreleases/2014/lr22945.htm>