

Pasadena Star News

October 11, 2011

EL MONTE - The federal government has shut down a program here that allowed foreign investors to obtain green cards in exchange for investing \$500,000 in the El Monte Transit Village project, officials said Wednesday.

The closure comes as the former developers of the public- private partnership have fallen under heightened federal scrutiny, including an FBI investigation.

The U.S. Department of Housing and Urban Development Office of Inspector General is also investigating the possible misuse of HUD money.

Despite the investigations and the city disassociating itself from developers Transit Village LLC and San Francisco-based Cross Ocean Holdings in 2009, the developers continue to seek overseas Chinese investors, city officials said.

"Questionable investment, overselling the engagement of state and local government, not disclosing accurately the risk of investment — those kinds of problems are a concern not only to people making the investments, but to the U.S. and El Monte because we want people to have confidence in the United States ... without that, we are going to have a crisis of confidence here and we are going to have as much credibility as North Korea, Cuba," Senior Deputy City Attorney Dave Gondek said.

For years, John Leung and Jean Lang, as executives of developer Transit Village LLC, promised to transform 65 acres north of the 10 Freeway into a \$1 billion residential and commercial development.

Foreign investors were invited to put money into the Transit Village project through the El Monte Regional Center. The center was one of many similar such programs operating in communities across the United States, particularly those with high unemployment rates, aimed at attracting foreign investment and reducing unemployment by offering EB-5 visas to investors.

An EB-5 visa provides investors a path for obtaining legal residency in the United States and allows them to bring their spouses and children here.

But in 2009, Leung and Lang were arrested on felony charges of fraud and embezzlement. Although charges were never filed, the arrest derailed TV LLC's involvement in the project. The FBI is investigating the developers.

The city has since moved on to a new developer and is advancing a scaled-down version of the project: El Monte Gateway.

Still, TV LLC's backers have continued to use the El Monte Regional Center to market the Transit Village as a viable development project to investors in China and other countries in Asia, according to city officials.

And the company has been acquired by Cross Ocean Holdings, a company owned by Chinese developer Bang Zhao Lin, who says he still wants to develop the Transit Village.

TV LLC is suing El Monte for \$18 million - money allegedly lost through TV LLC's investments in the project. The city and developer are also engaged in several other legal battles, including multiple bankruptcy proceedings.

City officials Wednesday celebrated the decision by the U.S. Citizenship and Immigration Services - which runs the EB-5 regional center program - to shut down the local program.

"The city is gratified that the USCIS has taken this action and that this action, we believe, goes along way to addressing the concerns we have about preserving the integrity of the (EB-5) program and making sure that the confidence of immigrant investors is maintained," Gondek said. "I think it was a good decision, the right decision, and it is a good program."

An official from USCIS confirmed that the agency revoked the program, but provided no further comment, and the El Monte Regional Center no longer appears on their website as an active program.

U.S. Immigration and Customs Enforcement also declined to comment on whether the agency has an investigation into the city.

"USCIS concluded that the regional center was no longer promoting job creation or the kind of local economic development for which it was initially certified to do," Gondek said.

"Based on our investigation ... it doesn't promote jobs, and it doesn't promote local economic development," he added.

Gondek said in the developers' efforts to win foreign investors, they falsely portrayed the Transit Village project as still having city support.

The developers even used El Monte's seal as part of their marketing materials in mainland China, according to Gondek.

"The El Monte Regional Center - John Leung and Jean Lang - nobody ever asked our city to use our city seal. They used it for a purpose the city did not authorize, did not support and never sanctioned," Gondek said. "We are demanding they cease and desist from that activity ... They are putting our city in a false light in China."

Gondek said there may be "untold, a large, number of victims, innocent investors" in the project.

And many of those likely put their money into the project expecting a green card.

"These are innocent people who placed these investments in good faith," Gondek said.

Gondek would not comment on any criminal charges that Leung, who sits of the board of directors of the San Gabriel Valley Municipal Water District, Lang, whose husband heads the Indochinese American Political Action Committee, and other heads of the development company may face.

City Council members declined to comment on the regional center's closure, deferring questions to the city attorney.

Mayor Andre Quintero said the EB-5 program could be used in the future.

"The program itself is a very important program for public investment so I hope it doesn't sour the public on that program itself. That is one hope that I have," he said. "It has an important role to play in public investment and infrastructure."

Staff writer Daniel Tedford contributed to this story.