

Foreign Investors Get Visa Reward; Money Stimulates Projects in U.S.

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Body

At a recent conference in Rockville, where Chinese business owners mingled with local entrepreneurs, Timothy Milbrath stood out.

Wearing rainbow Mardi Gras beads, the gregarious retired Air Force colonel was herding conference-goers to his trade-fair booth to deliver an unusual pitch: invest in his fund to rebuild New Orleans and get a green card in return.

"So many of our immigration policies don't make sense, but this does," said Milbrath, co-founder of NobleOutReach.

Through a little-known visa program that connects international fortunes to depressed economies around the country, Gaithersburg-based NobleOutReach has set out to rebuild parts of New Orleans through investments from wealthy foreigners seeking a gateway for immigration.

The visa program, known as the EB-5 immigrant investor pilot program, is a relatively small one. It reserves 3,000 visas a year for foreign investors who put at least \$500,000 into one of 17 projects around the country, all designed to stimulate troubled local economies. One project involves a dairy-farming business in South Dakota, another an ethanol production plant in Texas. There's a project focusing on tourism, technology and trade in Pittsburgh and another that centers on professional business service companies in Milwaukee.

In exchange for their investments, the foreigners receive whatever dividends result from the projects and green cards for their immediate family.

In NobleOutReach's program, which began last spring, money raised by immigrant investors will be used to develop office buildings, hotels, restaurants and medical clinics in New Orleans. So far, the fund has attracted about 50 investors from South Korea, China, Britain and the Middle East, according to the company. Nothing has been built, but with a 30-year contract with the city of New Orleans, NobleOutReach hopes to invest about \$100 million in projects that it says could create thousands of jobs.

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During the recent get-together in Montgomery County, local business leader Duc Duong was among many who stopped by NobleOutReach's booth to hear about details of the visa program. He was joined by Ying Chen, a real estate agent with Long & Foster, who talked to Milbrath about introducing her investor contacts from China to the fund. Once they were here, she figured, she would try to sell them houses.

"There are many, many people in China with wealth. The problem is that they don't have the quality of life that they want in China, particularly with education for their children," said Duong, who serves as the local chairman of an Asian American technology business group known as Monte Jade.

The EB-5 pilot visa program grew from a program that critics called the "million-dollar visa," because it granted permanent residency in return for \$1 million in direct business investments. The U.S. Citizenship and Immigration Services restructured the program in 2002 after problems arose with fraud and abuse by investors. Under a pilot effort, investors no longer have to serve as day-to-day managers of the projects. The revamped program operates more like a mutual fund and leaves managing the work to others. The pilot offers immigrants the same green-card benefits for half the investment, and the money is directed into regional centers, such as New Orleans. As under the old program, each investment must create 10 local jobs.

"After the problems of the program in the late 1990s, the program grew into disfavor by immigration lawyers and investors. But now with new revisions and regional centers, it makes much more sense and is stirring more attention," said Raj Singh, an immigration attorney in Rockville who is helping a client from Pakistan with large real estate holdings in Dubai apply for the pilot program.

In fiscal year 2007, which ended in September, 779 people applied for the visa program, double the 389 who applied in 2006. The greatest number of investors have come from South Korea, China, and Britain.

Though the number of applicants each year is still far below the quota, Berez said the amount invested through EB-5 visas was \$500 million last year and is projected to rise to \$800 million in 2007 and \$1 billion in 2008.

"This is only going to get bigger," said Morrie Berez, chief of the EB-5 program at the USCIS.

One South Korean family, living temporarily in Florida on a separate investor visa program while running an orchid farm, has applied to switch visa programs and invest in NobleOutReach's fund for the chance of gaining permanent residency, according to the firm.

"With the weak dollar, it makes more and more sense to look at this kind of investment," said William B. Hungerford Jr., president of NobleOutReach.

Some criticize the program for being an immigration loophole for the world's privileged. But the head of the immigration program said the process is more difficult than it seems.

Berez said applicants undergo exhaustive background checks and are required to submit piles of legal paperwork. Investors initially receive two-year residencies while immigration authorities monitor their investments and participation in the program. After a foreign investor passes all checks by the USCIS and the regional center verifies that the investment produced 10 jobs, the applicant is granted permanent residency.

The program appealed to foreign nationals like Suzette Williams, a citizen of Jamaica who has lived in New Jersey for the past seven years. With her husband, she's applied to invest in NobleOutReach's fund, even though she's never been to New Orleans and isn't required to do so after making her investment. Williams said her temporary work permit, an H-1B visa, is slated to expire next year. She put \$500,000 she's raised through property investments and savings into the visa program so that she and her husband can continue to raise their two young children in the United States.

"There are more opportunities here for us and our children," Williams said. "Besides, they were born here; we are rooted."

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Martin Scherer and Pamela Dance, Britons who live in Sarasota, Fla., are in the process of investing in NobleOutReach's fund. For seven years, the couple, who own properties in Britain and Florida, had to leave the United States every three months to renew their temporary visitor visas. They hope their investment will allow them to travel between Britain and the United States more freely. But beyond the promise of a green card, they also see an upside in their investment.

"We have the chance to invest in New Orleans on the ground floor" Scherer said. "It could be a chance of a lifetime."

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