

Immigration Company Raided; Federal Agents Are Investigating Alleged Fraud in Herndon

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Body

Federal agents have **raided** a **Herndon**-based **immigration** services **company**, hauling away truckloads of documents as part of an **investigation** into **alleged fraud** in a government program that offers immigrant visas to wealthy foreign investors.

The search and seizure, based on **federal** grand jury subpoenas obtained by the U.S. attorney's office in Alexandria, was carried out Wednesday at the offices of InterBank **Immigration** Services Inc. by **agents** of the **Immigration** and Naturalization Service, FBI, Internal Revenue Service and State Department.

InterBank said yesterday that its activities were legal under a 1990 law designed to create U.S. jobs through foreign investment. It called the **raid** a "hostile attack on the foreign investor program," and said it plans to file suit in **federal** court next week to try to force the INS to approve about 700 pending applications for visas under the program.

But U.S. officials and a former InterBank executive say the **company** is suspected of fraudulently misusing the program. Specific allegations have not yet been revealed; the subpoenas were issued on the basis of an affidavit that remains sealed.

The **raid** is the latest blow to a program that has stirred controversy during the last year because of perceptions that it effectively involves selling "green cards," the much-coveted documents that denote legal immigrant status, a prerequisite for U.S. citizenship. Critics have dubbed it a "greenbacks for green cards" scheme.

Designed to help the United States compete for foreign capital and create jobs, the program reserves up to 10,000 green cards a year for investors and their immediate families. Principals must create at least 10 full-time jobs each by investing \$ 1 million -- \$ 500,000 if the jobs are in certain high-unemployment areas -- in a new business or the expansion of an existing one.

During the program's first several years, there typically were only a few hundred applications annually. But they began to mushroom last year in response to aggressive marketing by **companies** offering complex deals in which they pooled foreign investors, linked them with U.S. businesses seeking capital and helped the prospective immigrants obtain loans for most of the required funds. Last year, more than 1,100 petitions for visas under the program were approved, a fourfold increase from 1996. Most of the investors have come from Asia, primarily Taiwan.

The INS then reviewed the program and concluded that some of the financial packages allowed investors to acquire immigrant visas without actually investing their own funds in the required amounts or creating the minimum number

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of jobs, officials said. In March, the INS froze the program, refusing to approve visas under the financial plans in question.

"It became obvious to us that we needed to step back and take a look at what was happening here," said Russ Bergeron, an INS spokesman.

Companies using the program have argued that joining investors is the only way to bankroll large projects and that funding the investments with loans is a standard business practice.

InterBank said yesterday that despite congressional support for the program, "the INS has refused to act on over 700 investor applications, effectively blocking \$ 350 million in new foreign investment capital and the creation of 7,000 new American jobs."

An attorney for the **company**, Don Santarelli, said the **raid** was unnecessary because InterBank was willing to produce the records voluntarily and had been seeking guidance from the INS on how to comply with the new regulations, which have not yet been issued in writing.

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