

An Investment in American Citizenship:
Immigration Program Invites Millionaires to Buy Their Way In

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Body

Lady Liberty may still beckon to the "huddled masses yearning to breathe free," but Uncle Sam now extends a special welcome to those who can pay cash.

Under a new immigration program that goes into effect Tuesday, 10,000 visas for permanent residence in the United States will be available each year for those who agree to invest at least \$ 1 million in businesses here. Full citizenship will be available for them and their families after five years.

The program, part of the Immigration Act of 1990, is an unabashed attempt to attract wealthy foreigners -- especially Asians and, most particularly, Chinese from Hong Kong who are worried about living under communist rule in 1997.

The response -- 100 applications so far -- has been less than overwhelming. Officials at the Immigration and Naturalization Service say they are confident many more people will apply once final regulations are issued. But immigration lawyers and others are not sure, saying the program is too restrictive and expensive.

The plan is patterned after highly successful programs in other countries, especially Canada and Australia. Canada's program, which began in 1986, has brought in more than \$ 3 billion a year and has created more than 40,000 jobs, Canadian officials said.

Australia's program, begun in 1982, brought in \$ 1.3 billion in new investment last year, with about 10,000 settlers coming mostly from Asia, according to the Australian Embassy.

Those figures -- and a sluggish U.S. economy -- overcame the discomfort some lawmakers felt about the notion of a dollars-for-visas program.

Sen. Dale Bumpers (D-Ark.), who led the opposition, thundered on the Senate floor against "auctioning off our souls" by "allowing somebody into this country simply because he or she happens to have \$ 1 million, either inherited, made in the drug cartel, regardless of where the money comes from."

But Republican backers, such as Sen. Phil Gramm (Tex.), countered by quoting Calvin Coolidge that "the business of America is business" and the country needed entrepreneurs as much as any other category of immigrant. Democrats, such as Sen. Edward M. Kennedy (Mass.), insisted the program was not selling visas, but creating jobs because, in addition to the money, investors also would have to create 10 jobs to qualify for permanent residency.

An Investment in American Citizenship; Immigration Program Invites Millionaires to Buy Their Way In

The bill's supporters predicted that about 4,000 millionaire investors, along with family members, would sign up, bringing in \$ 4 billion in new investments and creating 40,000 jobs.

Immigration lawyers and business promoters went into a feeding frenzy at the possibilities, shuttling back and forth to the Orient, conducting dozens of seminars and discussions with prospective clients.

But now, after all the congressional angst and the promotional activity, immigration lawyers and business brokers are not sure wealthy foreigners will bite.

One problem, said Harold Ezell, a former INS official and now an immigration consultant in California who is advising foreign investors, is that "INS dropped the ball," and has yet to publish regulations to implement the law. As a result, applications cannot be processed. Ezell is confident applications will increase. The Canadian offer is attractive, he said, "if you want to go to Canada and freeze your buns off."

Even when final regulations are issued, possibly in the next few weeks, there still may be uncertainties, immigration lawyers said. Immigration officials are debating whether to lower the ante to \$ 500,000 for investments in rural or high-unemployment areas.

Entrepreneurs will receive a two-year provisional visa and, if still-to-be-decided criteria are met, a permanent green card may be issued, with citizenship three years after that. One question unanswered, however, is what happens to the visa if after two years the business falls on hard times and employs only seven people or if other regulations aren't met.

"One million dollars is not chump change," said St. Louis immigration lawyer George Newman. "People with that kind of money didn't get it because they are idiots," he said, and they are not going to jump into the program without a clear idea of what will happen.

Newman said many of the inquiries he has received have been from European entrepreneurs. He said many have gone to Canada, but "the country of choice is the United States."

"The Canadian program has been a spectacular success," he said, "and we just sat here and let them do it."

Canada and Australia were also a lot easier to enter, said attorney Austin Fragomen of New York City. Even if all the uncertainties are cleared up, Fragomen said, "our program is not a competitive product" with the Canadian program.

Australia's program requires an investment of only \$ 120,000. Canada's program requires \$ 220,000 and no "hands-on" directorship of 10 employees. The U.S. requirements are obstacles, Fragomen said. "Who wants to run a McDonald's in the South Bronx?" he asked. "It's very difficult."

The other advantage with the Canadian program, said San Francisco investment banker Tony Angotti, is that Canada has a list of hundreds of pre-approved investments, so that when people invest, they know that after three, not five years, they can be citizens.

"People tend to forget that for the wealthy the United States is not the only game in town," he said. "If you are Hong Kong Chinese, wealthy and worried about 1997, you've been concerned for some time and you already have a New Zealand [or other] passport. These guys are the first ones out" when trouble is coming, he said.

Irvin Philpot, office manager of a Palm Beach, Fla., holding company called Global Group, said ads he has placed worldwide have generated substantial responses, "but we're not getting as many people that have a million in liquid cash that we had hoped for." To have that much, he said, "you've got to be worth between \$ 10-\$ 12 million."

Philpot, who has submitted four applications for the visas, said he was looking for investors in any of 27 companies, including fast-food franchises, light bulb manufacturing or taxi and limousine companies. The response has been cautious, he said.

Graphic

PHOTO, SEN. DALE BUMPERS

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