It’s Time to Let the EB-5 Regional Centers Expire

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What is the EB-5 Immigrant Investor Program?
The EB-5 or Immigrant Investor Program is an employment-based visa program created by Congress in 1990 in order to stimulate the economy and create jobs via foreign investment in U.S. businesses. Under the EB-5 program, foreign investors (and their immediate family members) are granted lawful permanent resident status.

How does the EB-5 program work?
The program allocates 10,000 EB-5 immigrant visas every year. In order to qualify for an EB-5 visa, investors are required to create or preserve at least ten jobs (directly or indirectly) for American workers, through investments in new, expanding or troubled U.S. businesses.

The standard capital investment for an EB-5 investor is $1 million. However, in 1992 Congress created the Immigrant Investor Pilot Program, reserving 3,000 of the annual EB-5 visas for investors who participate through “Regional Centers.” These regional centers are business entities in “Targeted Employment Areas” (rural or high unemployment areas) that are approved by USCIS for promoting economic growth. The capital investment under the Regional Center Pilot Program is $500,000, and has a less restrictive job creation requirement.¹

So what’s wrong with the EB-5 Immigrant Investor Program?
For starters, the Department of Homeland Security Office of Inspector General and the Government Accountability Office have both audited the EB-5 program and found the regional centers were not being managed effectively and have not properly guarded against fraud. Additionally, the Inspector General found that USCIS—the government entity responsible for administering citizen and immigration services—isn’t qualified to conduct the kind of business analysis needed to determine if the programs are really providing a benefit to the economy. In fact, the GAO found that there were “unique” and “constantly evolving” fraud risks in the program.

In March 2015, the OIG released the findings of its investigation into the mismanagement of the program by former-head of USCIS (and current Deputy Director of DHS) Alejandro Mayorkas.

The report indicated that the internal allegations that Mr. Mayorkas granted favoritism and special access to certain politically powerful EB-5 investors was reasonable.  

With fraudulent practices being conducted at the head of the program, in addition to the program administration shortcomings of the USCIS, is it hard to imagine that rampant abuse, scams, and massive investor fraud are being perpetrated by unscrupulous investors, shady middlemen and immigration lawyers?

At this point, Congress can reasonably conclude EB-5 is a failure. The visas-for-sale concept had the predictable outcome: a massive, unregulated quid-pro-quo scheme ripe for fraud and favoritism. The only needed Congressional oversight now is to pull the plug.

The regional centers, which are the true source of the abuse in the EB-5 program, will expire if Congress takes no action. They are beyond reforming, and should simply be allowed to end naturally.

The U.S. prides itself on being a meritocracy. We should admit people based on their individual qualifications, not how much money they can plunk down. And if America is such a desirable place to invest, wealthy foreigners are welcome to do so. However, the reward for investing in America should be the lucrative return on investment, not American citizenship.

**Final Thoughts**

- America shouldn’t be selling green cards.

- EB-5 is a massive investment fraud scheme run amok by hundreds of questionable Regional Centers, shady middlemen, and immigration attorneys profiting from each transaction.

- Congress needs to deauthorize the EB-5 program.

For more information on the EB-5 Immigrant Investor Program, visit FAIRus.org.

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