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View: EB-5 program can be lifeline to capital

By Ronald R. Fieldstone, Arnstein & Lehr LLP

Small business enterprises have very few options when it comes to raising capital. Therefore, many of them are turning to alternative means to obtain a financial boost that their businesses so desperately need. The [EB-5 program](#) is an opportunity to obtain foreign investment dollars to develop or expand businesses in connection with the creation of jobs.

The employment-based immigration program enables a foreign investor and his or her spouse and children under the age of 21 to obtain permanent U. S. residency status by investing \$1,000,000 million or \$500,000 in a new or existing commercial enterprise that directly or indirectly creates at least 10 U.S. jobs.

After two years of investment and proof that the business enterprise has created the new jobs, the immigrant investor and his or her family, become entitled to obtain permanent U.S. residency status. It is estimated that through fiscal year 2011, up to 65,000 jobs and \$3.1 billion dollars of investment had been made in the EB-5 Program.

From the standpoint of a small business enterprise, the EB-5 program provides a unique opportunity to obtain reasonably low cost and/or reasonably priced debt/equity funding. Small business owners seeking EB-5 funding need to take the following actions:

- 1. Form a regional center to sponsor the EB-5 investment, or team up with one of the two hundred existing regional centers in the U.S. This allows both direct and indirect jobs to qualify as part of the EB-5 investment.**
- 2. Once a regional center has either been formed or selected, an offering is marketed by both domestic and offshore agents to foreigners who specialize in raising capital for the EB-5 program. Almost all EB-5 programs include the reduced \$500,000 investment amount.**

3. The offering would need to comply with applicable U.S. securities laws and all selling activities to raise capital would likewise need to comply with not only U.S. securities laws but the laws of the applicable foreign jurisdictions where the foreigners are located.

USCIS recently reported that approximately 1,076 EB-5 visas have been issued so far in the first half of the 2012 fiscal year, which is the highest utilization rate to date.

At this pace, the 2012 program may come close to using its 10,000 annual visa allocations for the first time since its inception in 1990. This would create an estimated 40,000 new jobs for U.S. workers in fiscal 2012.

For further information, there are several websites that provide information on the EB-5 program, and in particular, the website for the [Association to Invest in the United States](#) (“IIUSA”) would be a good starting point.

Ronald R. Fieldstone is a partner at the law firm of Arnstein & Lehr LLP. He can be contacted at +1 (305) 428-4521 or by email: rrfieldstone@arnstein.com