



California Consortium Response

CCAЕ designs its exit strategies on a project-by-project basis to give immigrant investors the maximum flexibility possible within a given business sector, while still making long-term financial sense. Ultimately, exiting a specific project could mean a company-wide sale, a merger, a public offering, or a simple sale of the investor's interest at the then-current value. Details regarding the planned exits for specific projects are outlined in our project business plans.

Where is the EB-5 project located?

Why is this important?

The location of the project should accommodate the specific needs of the business enterprise. Factors such as facility requirements, availability of an appropriately skilled workforce, access to suppliers, and convenience for consumers, should be considered.

California Consortium Response:

The California Consortium operates within California's San Joaquin Valley, a 27,000 square mile area that covers nine counties in the center of the state. In the center of the San Joaquin Valley lies the City of Fresno, California's sixth largest city. According to an Ernst and Young study, Fresno is an ideal location for manufacturing and distribution because over 35 million consumers are just a day's drive away.

Is the regional center sponsor physically located within the regional center's area of operation?

Why is this important?

Projects located near the offices of a regional center provide convenient access for prospective investors to complete their due diligence of the investment. Proximity to their projects also allows a regional center frequent and routine oversight and management of the investment on behalf of the investor. This also enables the principals of the center, and the managers of the business enterprise, to respond quickly to questions or concerns of investors.

California Consortium Response:

The City of Fresno is in the center of the California Consortium project area and it is here that CCAE has its roots and maintains an office. The CCAE directors believe it is critical for the regional center to have a fundamental understanding of the project area as well as a presence there.

Is it possible to tour the project location with a regional center representative?

Why is this important?

With more than 85 regional centers scattered throughout the US, it can be very difficult to assess them and the projects they promote. A sight visit to the project provides an efficient way to evaluate the regional center and the quality of their investments by having a face-to-face meeting with principals of the center and key executives of the projects.

California Consortium Response:

In addition to reviewing a detailed project summary, CCAE encourages potential clients to schedule a site visit so that they can meet the day-to-day business managers and assess the specific business conditions in person. The California Consortium recognizes that this investment has important immigration and financial implications and believes site visits and meetings with senior partners are very helpful to clients in their evaluation of our programs.



How to Evaluate a Regional Center Important Questions and Considerations

When was the company granted USCIS Regional Center Designation?

Why this is important?

In 2002 USCIS imposed stricter requirements on existing regional centers and new regional center applications. To maintain their designation and continue operations, centers approved in the 1990's, were required to reapply to USCIS and demonstrate that they met the new requirements. Often referred to as a "re-designation", some of the older regional centers successfully showed they met the new requirements and were approved after 2002.

California Consortium Response:

CCAЕ was approved as a Designated Regional Center in 2002. It was the first regional center approval after a five-year hiatus in the EB-5 Pilot Program. The CCAE approval followed a lengthy application process that largely contributed to the new regional center evaluation process established by USCIS at that time.

How many investors have received I-526 petition approvals?

Why this is important?

In the Designation Regional Center setting, I-526 petition approvals show that the specific investment used by the investor meets the requirements of the EB-5 visa. Regional Center Designation by itself does not satisfy these requirements. Regional centers with a history of many I-526 approvals have more experience working with USCIS and often a better understanding of what is required for the investors to receive them.

California Consortium Response:

Over 125 immigrant investors have received I-526 petition approval by participating in a CCAE sponsored project. This represents a flawless immigration track record of 100% approvals. The CCAE team commits to assisting clients throughout their immigration process, beginning with the I-526 Petition for Alien Entrepreneur, and ending with the I-829 Removal of Conditions filed approximately two years later.

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Does the regional center have any investors with an approved I-829 Removal of Conditions?

Why is this important?

Each I-829 Removal of Conditions petition approval is a key indicator of the quality of the EB-5 investment, the viability of the business enterprise, the strength of its executives and managers, the soundness of the business and employment plan, and the capabilities of the regional center and its staff. Regional centers that have I-829 petition approvals have been in business longer and their investment programs have been proven to produce the results that meet the requirements for unconditional permanent residency. Further, at the I-829 Removal of Conditions step, a regional center's familiarity with Service Center's expectations is immensely valuable.

California Consortium Response:

Presently, over 30 California Consortium clients have received their I-829 Removal of Conditions. Equally important, no California Consortium clients have received a denial. As with the I-526 petition process, the CCAE team assists the investor and the attorney preparing the case.

Does the investor have to pay the regional center an upfront administrative fee of subscription fee?

Why is this important?

Most regional centers charge investors a fee to participate in their investments. Often referred to as administrative, syndication, or subscription fees, these charges may or may not cover attorney fees or USCIS application fees for preparing and processing the various visa applications. In some cases this fee is the only source of income for the regional center. When considering alternative investments, it is important to know the fees, what they cover, and what other costs the investor will have to pay. In many cases, once the fee is paid the regional center has no further financial interest in the final outcome of the EB-5 qualifying investment. Fees of this sort should not be confused with deposits required by some regional centers to pay for services rendered on behalf of the investor such as legal fees and USCIS filing fees.

California Consortium Response:

CCAЕ does not charge any subscription fees, syndication fees, or yearly administrative fees. With a commitment that extends far beyond the initial decision to participate, the California Consortium's compensation is tied to the success of the investment.

Does the regional center sponsor have a track record of business success?

Why is this important?

Regardless of the visa benefit, EB-5 investments are real businesses with large amounts of capital at risk. To earn profits, avoid losses, and meet the objectives of the business plan, these projects require experienced management and executive leadership by seasoned businesspeople. This essential ingredient is missing in EB-5 investments managed by people who have no experience in the business of the enterprise and in some cases, have no experience successfully running businesses at all.

California Consortium Response:

The California Consortium Founder and Chairman has a forty year track record of success in residential and commercial construction, international fertilizer manufacturing and sales, and wholesale distribution of construction equipment supplies and parts. Further, he is supported by highly qualified business, finance, legal, and marketing professionals – most of whom live and work in the area.

Do investments sponsored by the regional center fit the 'at-risk' description outlined in the EB-5 precedent case decision *Matter of Izummi*?

Why is this important?

Matter of Izummi describes the requirements to qualify an EB5 investment as truly "at risk". *Matter of Izummi* states:

"An investment assumes that a risk exists. The alien must go into the investment not knowing for sure if he will be able to sell his interest at all after he obtains his unconditional permanent resident status; and if he is successful in selling his interest, the sale price may be disappointingly low (or surprisingly high and more than what he paid). This way the alien risks both gain and loss. To allow otherwise transforms the arrangement into a loan"

There has been a recent resurgence of investment models that are structured very similar to a loan. In these circumstances, the manner by which the funds go to the enterprise looks like a loan, pays interest like a loan, and is repaid like a loan. However, any type of redemption agreement or guaranteed return of capital is expressly prohibited for those seeking permanent residency through the EB-5 investor visa category. To offer such a guarantee would violate the "at risk" requirement and greatly jeopardize the applicant's immigration process.

California Consortium Response:

California Consortium projects are equity investments in on-going business enterprises. Its investors face the "risk of both gain and loss" to meet the requirement for the EB-5 visa. As owners of these enterprises, investors face the uncertainty of profits and losses, and the return of capital. These investments are in strict compliance with the law and they meet the requirements described in *Matter of Izummi*. They are not loan arrangements. They do not provide interest payments nor is an investor's capital guaranteed to be returned at a predetermined date in the future.

How does the regional center, or the investment entity, protect its investors from investment risk?

Why is this important?

EB-5 investments have two risks. One deals with visa qualification. The other is the loss of the investment. Some regional centers may not have the experience or the resources necessary to manage these risks and meet their investors' immigration and investment expectations. Experienced, well conceived regional centers manage the EB-5 visa process and oversee the investor's interest in the business enterprise.

California Consortium Response:

The California Consortium selects its EB-5 projects with an eye for success, a recognition of manageable risk, and an understanding of how the project will work within the complex immigration requirements. Selected projects are managed by experienced, highly regarded executives who possess a proven understanding of the business enterprise and the industry in which it operates. The California Consortium or its affiliates are financially invested in the outcome of the operation so the immigrant investor's investment goals are aligned with those of the Regional Center.

What is the projected exit event?

Why is this important?

The exit event describes the time and circumstances of the return of the investment. Not all regional centers have a clearly defined exit event that, upon close analysis, exhibits a high probability of actually occurring. A full understanding of if or how the investment will be returned and when this will occur is essential to making a well informed decision to invest in a regional center program.