


Rich Indians Line Up for US Visa Promising Green Card: What Is EB-5 Programme?

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A visa programme by the United States of America that allows wealthy foreign investors to earn a fast track to permanent US residency has a queue of growing wealthy applicants from India and China applying for it.

EB-5 visa, also known at the 'Golden Visa', offers a green card to those who make huge investments and create at least 10 permanent jobs in the US.

The investor programme, started in 1990, was revised in March this year following a legislation passed by the US Congress, after being on hold for almost a year, *Bloomberg* reported.

According to the estimates of the investment migration consultant Henley & Partners, about 10,000 high-net-worth Chinese residents and 8,000 Indians are looking to leave through the EB-5 visa programme.

Since 2008, the Golden Visa programme had attracted \$37 billion in foreign investments for projects, including the Trump Bay Street in Jersey City and New York's Hudson Yards, according to the report.



What Is the 'Golden Visa' programme?

The investor programme offers permanent US residency – a green card – to investors, their spouses, and unmarried children under 21 for investing large sums in a US business and creating at least 10 permanent jobs.

According to the United States Citizenship and Immigration Services (USCIS), which administers the EB-5 visas, Congress created the EB-5 programme in 1990 to stimulate the US economy through job creation and capital investment by foreign investors. In 1992, Congress created the Immigrant Investor Program, also known as the Regional Center Program, which sets aside EB-5 visas for participants who invest in commercial enterprises associated with regional centers approved by the USCIS, based on proposals for promoting economic growth.

The scheme also allocates a portion of the EB-5 immigrant visa quota to investment in rural areas, high unemployment areas, and infrastructure programmes. It also now allows EB-5 investors to live, work, and study in the US while they are waiting for their green card applications to be processed.

Following the 2008 financial crisis, it became a major tool for the US administration to bring foreign investors to the country as it offered permanent residency to investors and their family if they invested a minimum of \$500,000.

In June 2021, when the scheme had been suspended as the Congress failed to reauthorise it, there was a backlog that extended almost a decade, as per the *Bloomberg* report.

Changes in the EB-5 Visa Programme

In March, the US Congress revived the EB-5 scheme under the EB-5 Reform and Integrity Act 2002. Under the Act, the minimum investment amount was hiked to \$800,000 from \$500,000 in targeted employment areas and from and from \$1,000,000 to \$1,050,000 for investments in non-targeted unemployment areas.

The law passed by the Congress was signed by President Joe Biden on 15 March.

The law also steps up audits and site visits to deter fraud, while also creating a path for some to skip the backlog of cases if they're willing to invest in rural areas or places with high unemployment.

Since the programme lapsed in June 2021, roughly 1,00,000 EB-5 visa applicants with some \$15 billion in committed investments had been in limbo, trade group Invest in the USA estimated, as per the *Bloomberg* report.

The programme's restart comes as more wealthy Chinese and Indians are attempting to leave their home country or are looking for a backup plan.

Independent estimates suggest that about 10,000 rich residents are seeking to pull \$48 billion from China this year, while another 8,000 Indians are looking to leave as the two Asian nations are expected to have the biggest outflows of rich residents this year, after only Russia.

EB-5 Visa Requirements

An EB-5 investor must invest at least \$800,000 in targeted employment areas or \$1,050,000 in non-targeted unemployment areas. The required amount of capital must be invested in a new commercial enterprise that will create full-time positions for at least 10 qualifying employees.

According to the USCIS, the commercial enterprise where the investments can be made are – a new commercial enterprise that was established after 29 November 1990; or it was established on or before 29 November 1990 but was purchased and the existing business is restructured or reorganised in such a way that a new commercial enterprise results; or established on or before 29 November 1990 but expanded through the investment, resulting in at least a 40% increase in the net worth or number of employees.

Why is the Programme Controversial?

The programme has had its own share of problems. Critics said it has been rocked by financial irregularities and raises potential national security or transparency issues, and essentially amounts to letting rich foreigners buy their way into a green card.

Doug Litowitz, a lawyer who has represented a group of China-based investors, said that the scheme "is a complete and unmitigated disaster" that has largely failed to create jobs in vulnerable areas. The investors represented by Litowitz put millions into constructing a condominium and a hotel project in Chicago that were never built.

The programme also failed to target development in low-income areas. Critics say that the scheme, aimed at helping impoverished communities, instead ended up largely being a boon for wealthy investors, as most of the EB-5 projects are in opportunity zones.

The financial scandals surrounding it involve multi-million fraud cases stretching from California to the ski slopes of Vermont.

In April 2017, federal authorities raided a Los Angeles-area business suspected of defrauding the programme and seeking green cards for more than 100 Chinese nationals for projects that were never built.

Authorities say that the legislation passed by the Congress removes the flaws in the scheme. A spokesperson for the USCIS said that the March legislation “made significant changes to the programme, including a requirement for the agency to directly review and determine the designation of high-unemployment” areas.

“USCIS will continue to ensure that each request for an EB-5-related immigration benefit complies with the statutory and regulatory framework,” the spokesperson was quoted as saying in the *Bloomberg* report.

Praising the reform, Suresh Rajan, the executive chairman and founder of LCR Capital – a global private investment and advisory services firm – told **The Quint**, “The EB-5 industry has reached an important milestone with this reform and reauthorization, which adds credibility to the US government and to this important programme that creates jobs across the United States, and provides a clear avenue to permanent residence for global families.”

(With inputs from Bloomberg.)

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