

Impact Medallion Project Spotlight: LCR Capital Partners

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Jack Salus

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How LCR has become a trusted name in the EB-5 industry thanks to its in-depth understanding of the challenges facing immigrant investors.

The [JTC Americas Impact Medallion Program](#) recognizes impact fund managers and industry stakeholders who embrace best practices in security, transparency, and compliance. In this series, we'll showcase Impact Medallion recipients and how they're leading the way on [Impact & ESG](#).

Thanks to the [EB-5 Reform and Integrity Act of 2022](#), Regional Centers are once again able to offer pooled investment products to immigrant investors. However, [navigating the new era of EB-5](#) is far from simple: in addition to the [long list of new rules](#), investors now have a [better understanding of what they're looking for in a project](#) and the additional help they need as they relocate to a new country. How do you meet the needs of these sophisticated investors?

[LCR Capital Partners](#) is a private investment and advisory services firm that supports families interested in global opportunities. Founded in 2012, the firm's primary focus is supporting clients interested in immigrant investor programs like the [EB-5 Immigrant Investor Program](#), the E-2 Investor Visa, and the Portuguese Golden Visa. In addition to helping families identify investments in Direct and Regional Center projects, the company also provides access to [LCR Wealth Management](#), a Registered Investment Advisor, and [International Investors Mortgage](#), which provides mortgage solutions to foreign nationals.

We spoke with LCR CMO John Baker about recent changes in EB-5, understanding the needs of immigrant families, and how broadening their services has helped LCR make the visa process easier for their clients.

The COVID-19 pandemic changed a lot of people's plans. Is the demand for immigration to the US through EB-5 as strong as ever? How have individuals dealt with the Regional Center program lapse and uncertainty around its renewal?

Baker: The pandemic has increased demand for families that want security and the knowledge they can access top-quality healthcare. This has increased the value of global mobility. Residency by investment programs give families access to new healthcare systems and the US is always in demand because of the quality of the healthcare but also the support the government provides its citizens.

The interest in the EB-5 investor visa is certainly growing again, but we are not yet seeing the same levels we had around 2015, the program's pinnacle since its creation in 1990.

The lapse of the Regional Center program was no doubt a challenging time for the industry. Applicants who were waiting for I-526 approval had their processes paused. They were uncertain if they would even get their immigration benefits. High-net-worth families that recognized the value of the EB-5 visa were confused about how to move forward. Headlines were about court cases instead of job creation, and no one focused on how talented, successful individuals really add to communities across the US.

The EB-5 Reform and Integrity Act of 2022 brought a long-term renewal to the program, new integrity provisions, and operational changes. We see these as very good changes, increasing transparency to the investor and adding compliance requirements to Regional Centers. The new regulations also included a grandfathering clause that prevents investors from having to worry about their processing going forward.

There are, of course, points still to be addressed, such as improvement of current processing times, but everything indicates that USCIS is already creating a plan to properly speed up this process. Overall, we have seen exponential interest since the renewal back in March 2022. LCR currently offers three Regional Center projects, and we filed new clients in all of them before the end of last calendar year.

LCR works with EB-5 direct projects as well as Regional Center projects. What makes direct projects different, and is there a certain type of investor that might be more likely to consider one?

Baker: EB-5 Direct and EB-5 Regional Center investments are quite different, and although they are both EB-5 investments, there are different laws and regulations that apply to each one.

The key difference is whether the family's investment is "pooled" (combined into a private equity fund by a Regional Center) or if the investment is made directly into a business. Under the RIA, an EB-5 direct project can only have one EB-5 investor. This means they tend to be smaller businesses, or single locations in a franchise network. Regional Center investments tend to bring together 20-50 investors into a single project, which means the legal documents are more significant and each investor has limited rights. Other differences include how the jobs created are tracked, regulations on filing, and disclosure requirements.

Being a single EB-5 investor and becoming a part owner of a small business appeals to many investors. They can see whom they are partnering with and have direct access to the entrepreneur instead of just being one limited partner amongst many. Being an equity owner gives more flexibility on exit, and most direct projects have a higher return than Regional Center projects.

The discussion of Direct versus Regional Center has a lot of nuances. At LCR, we offer both, so we can talk about our client's needs and take a fiduciary mindset when assisting a client in choosing the project that is best aligned with their needs and profile.

What are the primary concerns of investors considering embarking on the EB-5 visa process? Does LCR offer support designed to help alleviate the stress of those decisions?

Baker: An EB-5 investment is a significant decision and is a complex financial transaction. Understanding the risks involved and the roles of the professionals that assist an EB-5 investor is essential in order to properly evaluate the best way to apply. Everyone wants to avoid a situation that could lead to denial of the green card, loss of the capital invested, or in the worst case, both.

Good advice from attorneys, tax professionals, and fund managers like LCR is essential.

At LCR, we start with the client and take time to discuss their motivation, family dynamic, and financial position. In selecting projects, we only work with top-quality developers that have experience in their industry and are committed to EB-5. We have teams in regions around the world so that we can work locally and understand the issues in the investor's home country, or the family's home country, if the assets are from outside the US.

Other services we offer include a source of funds workshop using a proprietary digital application to help prepare documents for the immigration attorney, which reduces legal time. We have a client service team that covers all global time zones to be able to respond quickly to questions and ensure there is constant communication during the life of the loan.

LCR has also broadened its platform of services to support foreign nationals moving to the US. We have LCR Wealth, an SEC-registered investment advisor team for wealth management. International Investor's Mortgage provides homeowner or investment loans

to foreign nationals that haven't established a US credit score. This team can also provide capital based on an EB-5 investment.

The last point we would make is that investing in EB-5 is a financial decision and families need to know they are working with a professionally-managed, SEC compliant firm.

LCR works not only with immigrants to the United States, but to other countries such as Portugal. What is it about working with immigrants that has ignited your passion, and has helping people relocate to other countries affected how you look at the immigration process in the US?

Baker: LCR believes that having a global mindset and lifestyle allows families to grow and achieve new levels of happiness and prosperity, and we are delighted to be a trusted partner that enables families to reach their goals.

In working with the programs in the US and Portugal, we have found that unfortunately all immigration programs are facing real challenges due to COVID and changes in government regulation. COVID created backlogs, and new legislation needs to be fully adopted.

The good news is both Portugal and the US are committed to their programs, and we're seeing investors move through the process.

Do you think the increased requirements of the RIA will help eliminate instances of fraud and abuse? How do you provide assurance to investors that you're following all the new rules?

Baker: We have been tracking the EB-5 Reform and Integrity Act for over three years and have published our support for the law.

As a highly professional firm, we take our responsibilities seriously and have added to our team to ensure compliance with reporting and regulation. Since we have an SEC-registered investment advisory firm, LCR Wealth, we are already required to go through an SEC audit and follow SEC regulations.

There is no question the new law puts in place requirements to reduce fraud. It increases transparency and requires persons involved with the program prove they have a clear background.

It should be also noted that most of the abuses were earlier in the program when there was little oversight, and most of the investors were not as sophisticated as they are now. At LCR, we have always used third-party fund administration with top-quality firms like JTC and rely only on industry-leading legal advice. Our management also all has strong business backgrounds, many are licensed with the SEC, and have attended world-class educational institutions.

Stronger Together

JTC offers a full suite of EB-5 Services, including Escrow Agent, Escrow Administration, Cosignatory, and Fund Administration solutions that can help Regional Centers meet the requirements of the EB-5 Reform and Integrity Act of 2022, as well as Fund Accounting, Immigration Workflow, and more, with an award-winning 24/7 online investor portal. To learn more about JTC's EB-5 solutions and how they can be tailored to your specific needs, fill out the form below and contact us today!