

EB-5 offers green cards to lure foreign investors

BY CHRIS NEWMARKER

Staff Writer

Know any potential immigrants who would be willing to invest up to \$1 million for a green card? Northwest Minnesota might be the place for them to go.

Twenty counties in the region joined with North Dakota in April to form a Grand Forks-based center to facilitate investment transactions related to federal Employment-Based Immigration-Fifth Preference (or EB-5) rules. EB-5 provides permanent residence status to foreign nationals who make job-creating business investments in U.S. companies.

The move has generated enough interest that Katie Clark, executive director of the Minnesota Trade Office, plans to make recommendations early next year on whether Minnesota should work with the North Dakota center to have the rest of the state included or start a new center of its own.

But getting a Minnesota center started would likely cost a few hundred thousand dollars, Clark said. "We want to make sure we go about it in a smart way," she said.

The federal government since the early 1990s has designated nearly 200 centers across the country dedicated to facilitating investment deals through Employment-Based Immigration-Fifth Preference (EB-5) rules. Wisconsin has a

number of centers, and South Dakota has one. Minnesota, however, has been late to the game.

The stakes could be high. Many centers don't produce that many deals, but the small number of centers that do can often assemble \$150 million at one time, with 100 or so foreign investors chipping in \$500,000 to \$1 million apiece, said Laura Danielson, chairwoman of Minneapolis-based Fredrikson & Byron's immigration department.

The investors are out there, too, she said. Danielson was recently in China meeting with a number of wealthy individuals interested in making EB-5 investments. China and South Korea are some of the top places for finding EB-5 investors because their cultures highly value education; wealthy people want the green cards for their families so their chil-

of the largest (if not the largest) Chinese student populations in the country," Danielson said in an email. "I think that there are great synergies between these students, their families and Minnesota that would make Minnesota a popular regional center."

Danielson also sees significant potential in a Minnesota-based EB-5 center helping to bring foreign money into more economically depressed urban areas such as north Minneapolis.

Yvonne Cheung Ho, president and chief executive officer of the Minneapolis-based Metropolitan Economic Development Association, says MEDA's clients — immigrant-owned businesses — would benefit from an EB-5 center that could connect them with investors from their home countries. She hopes the Trade Office takes the lead in creating a center.

The same goes for Abraham Algadi, Pine Island's city administrator, who sees foreign investment as an important source of money for the Elk Run biobusiness park that Woodland, Calif.-based Tower Investment would like to build in his southern Minnesota community. "We

would benefit greatly," Algadi said of an EB-5 center.

Most EB-5 deals result from the centers because there are fewer restrictions on center-sponsored deals, so Minnesota

"In the rough and tumble world of economic development, the more tools you have in the toolbox, the better."

— Harold Stanislawski, Fergus Falls Economic Improvement Commission

dren can go to college in the United States.

Minnesota might be an especially good place to take advantage of that.

"The University of Minnesota has one

EB-5 'We hold out hope for anything that encourages investments' in rural areas

Continued from page 1

needs one of its own, Danielson said. Her advice for making sure a center produces results: demonstrable state support, a plan for creating deal flow and selection of reputable investment recruiters overseas who won't misrepresent the program.

The North Dakota center, which also covers northwest Minnesota, is run by the University of North Dakota's Center for Innovation. Harold Stanislawski, executive director of the Fergus Falls Economic Improvement Commission, lobbied to get the northwestern Minnesota counties included when he first learned of plans for a North Dakota center in 2009.

The Minnesota counties didn't have to chip in any money for the North Dakota center; the center instead benefitted because it was able to expand its potential to create deals. (An official at the center could not be reached Thursday.)

Stanislawski said a few northwest Minnesota businesses have applied for

EB-5 deals through the center, though none is from Fergus Falls. (Stanislawski declined to identify the businesses.)

For his part, Stanislawski is including the EB-5 center in his marketing pitch to outside companies that might be interested in locating to Fergus Falls.

"In the rough and tumble world of economic development, the more tools you have in the toolbox, the better," Stanislawski said.

The jury is out on whether the North Dakota center will produce investments for northwest Minnesota businesses, said Nancy Vyskocil, president of the Northwest Minnesota Foundation, which promotes economic development in the region.

"I don't know if it will have an immediate impact," Vyskocil said. "Obviously, we hold out hope for anything that encourages investments into rural Minnesota and North Dakota."

Some EB-5 facts

- Foreign investor must invest at least \$500,000 in a business that's in a rural area or a high unemployment area or at least \$1 million in a business located elsewhere.
- Business must have been established after Nov. 29, 1990, or must be expanding its net worth or employment levels by at least 40 percent as a result of the investment.
- Investment must create or preserve 10 U.S. jobs within two years. Can be direct or indirect in the case of a regional center-sponsored deal.
- EB-5 investor is granted conditional permanent residence for a two-year period. Green card becomes permanent if job creation goals are met.
- Green card also covers spouse and unmarried children under the age of 21.

Source: U.S. Citizenship and Immigration Services