

## Citizenship For Sale: Foreign Investors Flock To U.S.

By James O'Toole @CNNMoney June 11, 2012: 5:48 AM ET NEW YORK (CNNMoney) -- Good riddance, Eduardo.



International air travelers entering the United States head to 'Passport Control' inside the US Customs and Immigration area at Dulles International Airport.

Facebook co-founder Eduardo Saverin drew public ire last month following the revelation that he had renounced his U.S. citizenship, a move widely seen as a tax dodge. But thousands of wealthy foreigners are lining up to replace him, making investments here and putting themselves on a path to citizenship in the process. The State Department expects to issue over 6,000 "investor visas" in the current fiscal year, which would be an all-time record. Other countries, meanwhile, are following the U.S.'s lead, keen to spur growth in lean economic times.

"Our goal is certainly job creation, and that's what this program is all about," said Bill Wright, a spokesman for U.S. Citizenship and Immigration Services. "At the same time, it's allowing somebody from a foreign country to come and invest in our nation."

Under the government's EB-5 Immigrant Investor program, foreign investors can get conditional visas that allow them and their families to live, work and attend school in the U.S. To qualify for the visa, they must invest at least \$1 million in a new or recently created business, or \$500,000 for businesses in rural or high-unemployment areas. The investment must be demonstrated to have created or preserved at least 10 full-time jobs for U.S. workers within two years. Assuming this condition is met, investors and their families graduate to permanent resident status, and can apply for full citizenship three years later.

While the EB-5 program has been around since 1990, demand has been surging as of late, fueled in large part by China's growing elite, who accounted for 70% of the roughly 3,500 investor visas issued last year. State Department officials expect the program's quota of 10,000 visas per year, which includes visas given to the spouses and children of investors, to be filled for the first time ever within the next year or two.

### Investing overseas: Find the right balance

Some critics of the U.S. program question the fairness of letting wealthy immigrants pay for special treatment, while others say investments and job creation claims need stricter vetting. Immigrants who arrive via the program have no guarantee of recovering their investments, and may face deportation if they don't produce the required number of jobs. Of the roughly 12,000 immigrants who've arrived on the EB-5 investor visa, just 39% have earned permanent residency, according to USCIS data.

There's also the lengthy application and approval process -- a 2005 study by the Government Accountability Office said the program's reputation for red tape had dampened interest among foreigners in the preceding years.

USCIS press secretary Christopher Bentley said in an email that the agency "continues to take steps to enhance [the EB-5 program's] efficiency and integrity." USCIS recently expanded the team of analysts responsible for evaluating EB-5 projects and proposals, he said. Whatever the program's problems, interest has been growing in recent years, and meanwhile, the U.S. has faced increasing competition from other countries trying to woo well-heeled foreigners with the promise of residency or citizenship.

In January, Ireland announced a new residency program for immigrant investors, and Australia unveiled a similar program last month.

"Governments are reinvigorating their policy and their resources around this," said Eric Major, the CEO of Henley & Partners Ltd, an international consulting firm based on the European island of Jersey that specializes in immigration assistance for the wealthy.

Around 20 countries currently offer residency or citizenship by investment, Major said, a figure that may soon grow with economies struggling in much of the developed world. Major said he had met with five governments in the past eight months to discuss such programs. Demand shows no sign of slowing down, either. International travel, banking and communication have become increasingly easy, while Asia, in particular, is minting new millionaires at a rapid pace.

"At no time in human history have we ever been so mobile and has there been so great a wealth effect from China and India," Major said. In the U.S., the immigrant investor program has been responsible for at least 46,810 jobs and more than \$2.3 billion in investments since its inception in 1990, according to U.S. Citizenship and Immigration Services. That's a small fraction of overall foreign investment in the U.S., but it comes at no cost to the government. Were the EB-5 program to meet its 10,000-visa quota, it would contribute more than \$4.4 billion to GDP and create or preserve nearly 75,000 jobs annually, according to a 2010 report prepared for the government by consulting firm ICF International.

The EB-5 program is up for renewal in the fall, and while USCIS says it has "no indication" that the initiative will be allowed to expire, some supporters are more wary. "We can't let our guard down," said David Andersson, an immigration attorney and president of the Association to Invest In the USA. "The deadline approaches and Congress just demonstrates a reluctance to get things done."

#### 5 projects financed by EB-5 investors

For foreign investors, Andersson said, the main appeal of immigration to the U.S. is access to good schools for their children or other family-related concerns. That was the case for Jordan Gagner, a Canadian investment manager who came with his wife and three children to Arizona in 2009. His wife had come down with a serious case of rheumatoid arthritis, a condition exacerbated by Vancouver's cold, wet weather.

"We just thought, we've got to get down to a climate that's more conducive to this disease," Gagner said. Gagner invested in an assisted-living complex being constructed in Washington. He and his family now have green cards giving them permanent resident status, and plan on applying for citizenship as soon as they're able.

"We're fiercely proud about Canada, but there's things we love about the U.S. that Canada just doesn't provide," Gagner said. ■

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