

Foreign investors in fizzled development at wit's end

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In this Wednesday, May 4, 2016, photo, Wei Wang poses with his wife and daughter in their Houston apartment. The Wangs and several other foreign investors had been banking on their investments in a biomedical research facility in northern Vermont to get green cards. (AP Photo/Pat Sullivan)

Foreigners who had been banking on their investments in a biomedical research facility and a hotel and rental cottage project in northern

Vermont to get green cards are scrambling to find a backup now that the project's developers are accused of misusing hundreds of millions of dollars of investors' money in what investigators called a "massive eight-year fraud scheme."

Wei Wang and his wife, who are from Beijing and living in Houston after graduate school, had hoped their investment of more than a half-million dollars would lead them down the road to starting a restaurant.

"We were doing our business plans for the restaurant when this came up, so we have to change everything," Wang said. "It's hard to accept that we may lose all of our almost 600K."

Wang said he recently contacted about 30 other Chinese investors, of the 166 foreigners who chipped in a total of about \$83 million in the biomedical research project, to see if they might be able to work together to protect their immigration status and money.

The federal Securities and Exchange Commission and the state of Vermont last month accused Ariel Quiros—owner of Jay Peak, a large ski resort in the state—and the resort's president of misusing in "Ponzi-like fashion" more than half of nearly \$400 million raised from foreign investors for developments through a special visa program. The EB-5 program offers [foreign investors](#) a chance at residency for investments in projects that create jobs.

Quiros also is accused in the civil complaints of "pilfering" \$50 million of investor funds for his personal use, including to buy the Jay Peak and Burke Mountain ski resorts, a Trump Place luxury condo in New York, and to pay personal income taxes. Both Quiros and Jay Peak president Bill Stenger have said they will be cleared of wrongdoing.



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The case is one of several around the country in which the EB-5 program was allegedly used to defraud hundreds of investors out of tens of millions of dollars.

One investor on Tuesday filed a class-action lawsuit in Miami against Quiros, Stenger, the Raymond James financial firm and Quiros' then-son-in-law who was working at the firm. The lawsuit is seeking to recover

funds the investor says were misused, commingled and stolen.

The status of investor funds related to the litigation ultimately will be decided by the courts, the state of Vermont said. The federal receiver overseeing the projects amid the fraud allegations said he is attempting to protect both the investors' immigration status and the investments.

Five of the eight projects connected to Quiros and Stenger have been completed and are operating, including the Jay Peak Hotel, indoor water park, ice arena and golf course; the Jay Peak Golf and Mountain Suites; and the Jay Peak Lodge and Townhouses.

But the [biomedical research](#) plant, which was expected to bring 450 jobs, is unlikely to happen, Democratic Gov. Peter Shumlin said last month.

Federal receiver Michael Goldberg expects both Jay Peak and Burke Mountain resorts, including a new hotel at Burke that has not yet opened, to be sold.



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Antonius Van Usen, of Utrecht, the Netherlands, said he had several options, including a life insurance company in Seattle and other commercial ventures, but chose to invest in the Jay Peak hotel and water park in 2008 because the Vermont government was in favor of the project and said it would monitor it, he said.

"For a layman as me, that gave me confidence," said Van Usen, whose son at the time wanted to study in the U.S. The project was completed, and he had the conditions removed on his visa in 2011. Now he wonders

if he'll get a return on his investment.

"It's not that we have to eat grass from now on, but I mean I have to work hard for my \$500,000," said Van Usen, a builder, who has a property management company and does some real estate.

While EB-5 investors can hope for a return on their investment, there's no guarantee they will receive one, according to U.S. Citizenship and Immigration Services.

The state also has since changed the structure of the EB-5 regional program to provide more financial oversight.

Felipe Vieira, of Brazil, said he decided to invest in the Jay Peak Hotel Suites Stateside project to create a more secure life for his small family. He said he made the decision after vacationing in Stowe, Vermont, when his then-8-year-old daughter said she wanted to stay.

He sold a small farm about two hours outside of Rio and an apartment in the city and moved to Stowe, Vermont, where he loves living but worries that he and his wife and daughter may not be able to stay. They could return to Brazil, he said, but would rather stay in Vermont.

He said he is in contact with other investors so they can communicate their main concerns to officials as a group.

Some investors have expressed interest in chipping in more money to make sure the projects are completed and jobs are created, said Michael Goldberg, the federal receiver. Vieira, who works as a business analyst, said he's out of money to do that.

He said he has expenses of lawyers, moving, housing, and next year his daughter is going to college.

"To tell the truth, I don't have money," he said.

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