

America

The knowledge: EB-5 news and advice / ESTA / Property / Recession-proof

Now you see it...



An immigration professional is reported to have stolen millions of pounds from British visa applicants. **Matt French** goes in search of the truth

An investigation is underway into whether an immigration professional has stolen millions of dollars from his British clients.

On 21st December the *Sunday Mirror* reported that “the US Secret Service is hunting for a British conman who masterminded a massive fraud.”

Derick Coles and his company, the New Horizons Group, are believed to be under investigation by the FBI and US Secret Service. New Horizon’s clients believed they were investing in American projects to obtain US permanent resident (green) cards. Instead, their money has gone missing, and so has Coles.

David Farrow MBE, managing director of D&D Rail, and his wife, met with Coles and decided to use the New Horizons Group to handle their family’s EB-5 visa applications. The EB-5 visa category allows Brits to invest either \$500,000 or \$1,000,000 in certain US Citizenship and Immigration Service (USCIS)-designated ‘regional centres’, and subsequently earns permanent residency (or ‘green card’) for the investor and their dependent family members.

In good faith the Farrow’s stumped up \$500,000 in investment capital, and paid \$37,000 in fees.

Over a period of three months Farrow received updates from Coles stating that everything was going very well with the applications, but he became aware something was amiss last November.

“I was shocked to receive a phone call from an attorney (stating) that he had only two days to put the application into the immigration services,” Farrow explains.

This set alarm bells ringing and Farrow went to confront Coles at his office in Sarasota, Florida.

Farrow, who is a part-time police officer in the UK, tells us Coles said he was “sorry for spending my money and could he have two to three weeks to try to get my money back for me.”

The Farrow’s had believed their money was secure in a US bank account, but unfortunately they were mistaken. Their emigration plans collapsed and they are yet to see a penny of their money back.

“I have found many other victims who have lost jointly in excess of \$2 million dollars,” Farrow says, understandably upset, and concerned that nobody else should suffer the

same fate. “I only wish I had done my homework better before my wife and I handed over our life savings; our dreams are ruined.”

The FBI agent we contacted was only able to say he could “neither confirm nor deny” that an investigation was underway into Coles and New Horizons. However, a website set up by Brit Terry Dunne to track the story says “victims are strongly advised to personally contact... the US Secret Service: (001) 813 227 2370; or the Sarasota FBI: (001) 941 955 3325.”

Dunne himself claims to be one of Coles’ victims, to the tune of £150,000.

“I met Coles at one of his immigration forums in the UK,” Dunne explains. “I could not find anything negative about him at that time and decided to let him handle my E-2 application.”

The E-2 is another investment visa, which typically requires a smaller investment than the EB-5 but does not lead to permanent residency. Dunne’s visa application ended similarly to the Farrow’s though: with the loss of money that was supposedly secure.

“At no time was I alerted to the fact that New Horizon Group’s so-called escrow account [a trust account held in the investor’s name to pay obligations – see box-out on the next page] was not secured and was in fact a normal business account,” he tells us.

Sadly, this is not the first time would-be expats’ dreams have been exploited either.

Douglas K Hall is currently serving a custodial sentence in Bartow Work Release Centre, Florida for grand theft and forgery. In 2007, the BBC reported 25 Brits paid over \$4.5 million to Hall’s company, Central Florida Visa Group, to help them obtain E-2 visas. The investors were then contacted by Hall, who claimed their money had been stolen by an employee. However, investigators suspected Hall of having stolen the money, and he was subsequently sent to prison.

There are, of course, bad apples in every industry, and unfortunately immigration is no different – with people preying on others’ ambitions. These instances should not put people off emigrating through investment visa categories, though, as there are many reputable immigration firms and individuals.

To avoid suffering the same fate as the Farrow’s it is advisable to research the credentials of those you plan to entrust visa applications and life savings to. Seek advice from those who have gone through the process before you and ask ‘regional centre’ projects to recommend reputable immigration professionals.

As well as the website set up by Dunne (www.derickcoles.com), others who say they have lost money to Coles have come forward on websites www.ripoffreport.com and www.expatsvoice.org.

Turn the page to find out how you can approach an investment visa application with maximum financial security.



Business basics

Immigration professionals Elliot Greene and Bill Cowie offer advice on protecting your EB-5 investment funds

What should EB-5 investors consider when choosing a 'Regional Centre'?

Elliot Greene (EG): Immigration attorneys should not try and lead you towards one particular Regional Centre. It is up to the applicant to carry out the necessary research prior to committing funds.

Bill Cowie (BC): Ideally one should personally visit Regional Centre(s) for a first-hand inspection and meeting with the business' principals.

How do you decide who to trust to get you through the process?

EG: As with all investments, the individual should always seek to use an experienced, licensed practitioner. While past performance is not a guarantee of future performance, it is an excellent indicator of how you can expect to be treated. Testimonials from satisfied clients are important – good reputations take years to build, and seconds to destroy.

Research Regional Centres and the practitioner that will be assisting you, ask for references and check licenses.

BC: To be designated an EB-5

Regional Centre the business has been subject to quite rigorous US Government inspection. It is nonetheless prudent to conduct your own "due diligence" review with advisors acting solely on your behalf. *How can people protect themselves in the EB-5 visa category?*

BC: By assembling a team of independent, experienced legal, business and visa advisors and selecting the Regional Centre that best meets their personal situation and budget. *Are escrow accounts safe?*

EG: Escrow accounts are governed strictly by federal law. Misuse of escrow funds can lead to loss of license, significant financial penalties and imprisonment. While nobody can guarantee individuals will not break the law, it is unlikely an experienced, reputable, licensed professional would commit such criminal activity knowing the repercussions.

BC: Escrow is not a common term in the UK. In the US, however, it is one of the fundamental financial protections for buyers and sellers alike.

A US escrow agreement is somewhat similar to a 'trustee' agreement in the UK; only authorising release of the UK investor's funds once the EB-5 immigrant status has been approved. *How can investors be sure their money is in an escrow account?*

BC: The US bank involved in the EB-5 investment can issue a receipt of confirmation which can be checked by the UK applicants' legal counsel.

Will people will be put off the EB-5 category because of recent bad press?

EG: One would hope not. The EB-5 Regional Centres offer an opportunity that may be the only route an individual has to securing green card status. Performing due diligence ahead of time should ensure minimal risk.

Potential investors should, however, check ALL immigration options before committing to the EB-5 route – always speak to a reputable immigration attorney first.

■ *Immigration attorney Elliot Greene:* www.legalimmigrationservices.net

■ *Business Consultant Bill Cowie:* www.eb5investmentvisas.com



ON THE WEB

To read an extended version of Elliot Greene and Bill Cowie's business advice, visit our website: www.emigrate magazine.co.uk

Property prospectus

Investors with money tied up in US properties will have been glad to see the back of 2008, but, sadly for them, the next 12 months may also be a tough year.

US property values fell by an average of 13 per cent in 2008, and experts warn that the market could remain stagnant until the end of 2009. "I think property is going to continue to fall in America this year, although probably not by as much as it has fallen in the past," says independent relocation and property consultant Andrew Bartlett. "There is still an awful lot of foreclosure property on the market, so prices could continue to decline slowly until the autumn."

Analysts predict that a real estate turnaround will be hampered by the investment properties that will flood the market as soon as it begins to recover.

Though all this is bad news for current investors, speculators eyeing up potential bargains could do worse than considering buying US real estate.

The message to buyers is to tread carefully, don't buy in the hope of a fast turnaround, and pick your investment location with care. "Some areas, such as central Florida and Orlando, may take far longer to recover," says Bartlett. "In Florida, buyers should look to coastal areas that have been caught out by the decline – that's probably where you stand the best chance of making money."

Those looking for a bargain should also take a look at foreclosure properties, which are being sold off by the banks at cut-price rates.

With high hopes that the new President will spell an upturn in US economic fortunes, 2009 may yet be the year shrewd investors head back into American real estate.

ESTA 101

ESTA stands for the Electronic System for Travel Authorisation and spells new requirements for British citizens travelling to the US.

The ESTA system had been used voluntarily for many months, but on 12th January registration in advance of travel to the US became mandatory. All nationals and citizens of Visa Waiver Programme (VWP) countries are now required by law to obtain a travel authorisation prior to travelling to the US under the VWP.

Travellers must register for this authorisation online through ESTA, a free Internet application administered by the Department of Homeland Security (DHS).

There is no fee for completion of an ESTA application, eligible visitors seeking to travel to the US under the VWP may apply for travel authorisation via ESTA <https://esta.cbp.dhs.gov>.

Some unauthorised third-parties have established websites which charge visitors seeking to travel to the US under the VWP, however these businesses and websites are not affiliated in any way with DHS or the US Government. Use of a private service to apply for travel authorisation via ESTA will not expedite the granting of approval.

If you do not have access the Internet to complete an ESTA application, a friend, family member, colleague or travel agent can fill out an ESTA application on your behalf.

The ESTA application website is available in 16 languages and includes a help section that provides additional information for VWP travellers to guide them through the application process.

Additional information about ESTA can be found at www.cbp.gov/esta.

Your fast track US visa has arrived



WOULD YOU LIKE TO LIVE ANYWHERE IN THE USA?

If so the EB-5 investment visa might be for you.

- Immediate return on investment
- Fast Track Green Card
– for you *and* your family
- US Citizenship application in 5 years

INVEST IN YOUR AMERICAN DREAM

Over the past 20 years our Orlando-based British Homes Group has helped thousands of families from around the world holiday, purchase and finance villas and invest in the “Sunshine State” of Florida.

We can also assist you select the most suitable investment for your EB-5 visa, from the more than 20 Government-designated Regional Centres currently available - ranging from a ski resort in Vermont, a dairy farm in North Dakota, a shipyard in Philadelphia, a Hollywood film studio and, most recently, a luxury condominium-hotel complex one-mile from Walt Disney World in Orlando.



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