Senate Committee on the Judiciary
Hearing on
"The failures and future of the EB-5 Regional Center program: Can it be fixed?"
Questions for the Record from Senator Patrick Leahy (D-Vt.)

<u>Questions for Stephen Cohen, Associate Director, Division of Enforcement, SEC</u>

1. **The Securities and Exchange Commission has appropriately become more involved with the Regional Center program in recent years, and you described numerous related efforts and enforcement actions in your testimony. Chairman Grassley and I worked closely with the SEC's Office of Legislative Affairs through December 2015 on our legislation to add additional oversight and disclosure requirements to EB-5-related offerings. Would the securities related provisions in our legislation be helpful in facilitating your EB-5 related investigations?**

   Answer: The Commission has not taken a position on any of the proposed reforms, but we appreciate the opportunity to provide staff level technical assistance in response to your requests. In the context of these offerings, we do often work closely with USCIS given the unique nature of this program. As noted in the written and oral testimony, we have certain information sharing protocols in place with the USCIS. If these reforms improve the integrity of the program by providing the USCIS with additional information concerning EB-5 securities offerings and the parties involved in the offer, sale and marketing of those offerings, we will certainly use any additional information made available to us in our investigations.

2. **I am concerned that some legislative proposals to reform the EB-5 Regional Center Program would distinguish the level of oversight and transparency required for identical EB-5 offerings, based solely on whether the security is issued by a company owned or managed by a regional center. Do you make such distinctions on the general securities side, applying different disclosure and compliance standards for the exact same security based solely on who owns the issuer?**

   Answer: Generally, with respect to the federal securities laws, disclosure requirements for securities offerings are dictated by the type of offering, for example, whether the offering is public or private, and is not based solely on who owns the company. Those requirements govern what disclosure is required to be made to the public securities markets, private investors, and the SEC. Compliance with certain provisions of the federal securities laws, such as the anti-fraud provisions, is required regardless of the type of offering.