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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

KOLAN L. DAVIS, *Chief Counsel and Staff Director*
KRISTINE J. LUCIUS, *Democratic Chief Counsel and Staff Director*

September 8, 2016

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Harry Reid
Minority Leader
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Reid:

We write to oppose a straight reauthorization of the EB-5 Regional Center program in any continuing resolution or appropriations bill that will cover fiscal year 2017. The program has become plagued with fraud and abuse, and if not reformed it should be allowed to expire on September 30th.

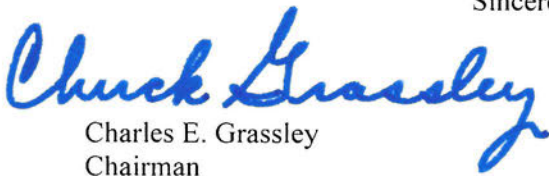
The rampant abuse of the EB-5 Regional Center program has been well documented in recent years. Internal Department of Homeland Security reviews, the Government Accountability Office, media outlets, and our Committee have uncovered serious problems with the program. Cases of fraud and securities violations, money laundering, exploitation of investors, abused program incentives, and failed projects have become all too common. Secretary Jeh Johnson has publicly acknowledged significant concerns involving the program and has called on Congress to provide much-needed reforms. It is past time that we do so.

If the program is going to continue in some form, at a minimum, we should provide the Department of Homeland Security with the tools necessary to expand background checks, site visits, audits, and the vetting of projects and investors alike. We must also better monitor compliance with securities laws, increase program transparency, raise minimum investment thresholds and restore program incentives so more money goes to the communities that need it, as Congress intended. The Department must also be authorized to sanction regional centers and other program participants for noncompliance.

As Chairman and Ranking Member of the committee that oversees the EB-5 Regional Center program, we have been working for years to identify and address concerns raised by the program's misuse. We implore you to consider reforms we have put forward and recommendations that have been made in conjunction with the Chairman and Ranking Member of the House Judiciary Committee to improve this flawed program.

Thank you for your consideration.

Sincerely,


Charles E. Grassley
Chairman


Patrick Leahy
Ranking Member

cc: Chairman Cochran and Ranking Member Mikulski
Senate Committee on Appropriations