# Marco and Bebe Ramirez’s EB-5 Visa Program Fraud Case

## Summary

B-5 Visa also the immigrant investor program was e9/=stablished in the year 1990 by the+ Congress. The goal of this particular program was to monitor immigrant or foreign investors in order to boost the United States economy potentially. In other words, the program was designed to monitor the movement of foreigners and immigrants into the United States to facilitate job growth. The EB-5 visa allows foreign investors to invest a minimum of $ 500,000 in United States businesses, creating at least ten job opportunities, all that in exchange for temporary residence in America via the green card (Hirson, 2015). It is crystal clear that since the year 2008 the program has been effective and above all productive. That is because wealthy Chinese entrepreneurs among others have resolved to this particular program since they barely have hopes of immigrating to the United States legally.

Apparently, the program has gained massive popularity, and therefore it is still growing, in fact proliferating. As more companies rise to utilize the program, they have turned to fraudulent businesses/ activities and thus try to maximize their profits by defrauding the program. The agency responsible for overseeing the program, U.S. Citizenship and Immigration Services (USCIS), according to lawyers and other consultants in the EB-5 world is not well-equipped to manage the program efficiently. A couple of lawyers argue that the USCIS has been on the frontier of promoting frauds associated with the program thus inconveniencing foreign investment and undermining this billion dollars’ program.

The Ponzi scheme is an EB-5 visa scandal that involved a Texan couple, Mr. and Mrs. Ramirez. Research regarding this particular Ponzi scheme reveals that it is the largest investment fraud in the history of the EB-5 visa program. As outlined by (Cohen, 2016), Mr. and Mrs. Ramirez and their companies in what is identified as the Ponzi scheme deceived about ten foreign investors extorting about $5,000,000 from them in the pretense of the EB-5 visa program. Well, this particular study assesses this particular case.

## Immigration EB5 Ponzi: Marco and Bebe Ramirez

## Introduction

The Ponzi scheme as identified above was a million-dollar fraud conducted by a Texan couple Mr. and Mrs. Ramirez. While managing the companies USA Now and Now CO. Loan Services, LLC, the couple deceived/ defrauded about ten foreign investors millions of dollars amounting to at least $5,000,000 (Securities and Exchange Commission v. Marco et al., 2013). The EB-5 visa program has several advantages especially for foreign investors and that ought to be the reason to why a significant number of foreign investors sought to acquire or enroll for the program. Mr. and Mrs. Ramirez thus used this opportunity to defraud foreign investors millions of dollars against the prerequisites of the EB-5 visa program.

Several parties were involved in the EB-5 visa program fraud. However, the key players were Marco Ramirez and Bebe Ramirez. The couple under the names of their companies, USA Now and Now Co. Loan Services, LLC stole from Chinese and Mexican investors huge sums of money with false promises of granting these investors EB-5 visas. Another of their company that was also involved in the scandal was USA Now Energy Capital Group, LP. Other parties that played a role in this EB-5 visa fraud are the FBI, the Security Exchange Commission, and other regulatory agencies; their main role was to investigate and charge the masterminds or culprits behind the Ponzi scheme fraud.

# Facts of the Case

 Multiple facts about the Ponzi fraud case have been stated in various government documents. Most of these facts include some of the activities that transpired during this particular Ponzi scheme. To start with, Marco and Bebe Ramirez are identified as prosperous real-estate pros. The couple are the owners of Now Co. Loan Services, LLC which is a loan issuing company that plays a significant role in the “Making Home Affordable Program” via the United States Sectors of the Treasury and Housing and Urban Development. Additionally, government publications document that in March 2010, Mr. and Mrs. Ramirez founded the USA Now, LLC which was expected to be part of the Immigrant Investor Program (EB-5 Visa) ("EB-5 Ponzi Scheme Indicted by SEC", 2018).

 Furthermore, under the EB-5 visa program, it is documented that foreign or immigrant investors can legally earn both temporary and permanent green cards to reside in the United States. However, to access this EB-5 visa program, foreign investors have to guarantee to establish job-creating ventures in the United States. Job ventures that at least provide a minimum of 10 full-time job opportunities, obviously for qualified U.S workers. Still, on the same, it is written that a foreign investor whose business venture will create at least ten employment opportunities for two years should be given a permanent green card. There are also special reasonable circumstances under which foreign investors can be granted permanent green cards.

 Another fact about the Ponzi scheme recorded in government documents is that EB-5 investors have the freedom to create their investments as either open businesses or private companies registered with the EB-5 Regional Centers. EB-5 Regional Centers are simply agencies, private to be precise, that facilitates or oversee economic development in particular regions and industries in the United States. Recognized facts about EB-5 regional centers are that it has authority from the USCIS to levy foreign investors an administrative fee for their ventures as well as to help them prepare paperwork essential to apply for the EB-5 visas, green cards.

 It is also recognized that for a foreign investor to obtain a Regional Center designation, they must produce the USCIS with relevant documents such as proposed business plan detailing on how the investor intends to create at least ten full-time job opportunities. The USCIS as outlined approves the Regional Center.

 Apparently, Ponzi scheme has been declared illegal and therefore it has been prohibited. As of the year 2010, there was an escalation in frauds related to EB- 5 visa program, and for that reason, the Security Exchange Commission (SEC) declared that Ponzi schemes were illegal and prohibited. The Mr. and Mrs. Ramirez Ponzi scandal are affirmed as one of the fraud cases that largely contributed to the possible ban of the EB-5 Ponzi schemes. However, recently, strict regulations have been enforced to at least restore a reliable and efficient EB-5 visa program.

The Securities and Exchange Commission charged the defendants Marco and Bebe Ramirez for defrauding foreign investors millions of dollars under the pretense of the EB-5 visa program. According to the plaintiff, the Securities and Exchange Commission, in 2010, the defendants (a couple) sought USCIS regional center for the designation of their corporation USA Now. Upon designation, and even before applying for regional center designation, Mr. and Mrs. Ramirez started asking for money and accepting EB-5 investors. It is articulated that the defendants lured investors by falsely assuring them a 5 percent return on their investment and worst, an opportunity to acquire an EB-5 visa. Until now, foreign investors who were deceived by Mr. and Mrs. Ramirez are yet to receive their return on their investment.

Another thing that transpired is that the defendants fibbed the investors that the funds will be held in escrow until each one of them received their Form I-586 approval. Reports from the FBI revealed that this was not enacted. Instead of remaining loyal to this agreement, Mr. and Mrs. Ramirez deliberately accepted and withdraw all the funds in escrow and utilized them for their own benefits. Further reports from SEC and the FBI disclosed that the couple had used the money in the escrow to purchase personal vehicles, settling unrelated lawsuits and paying a previous foreign investor whom they had defrauded before. Until today no investor who invested with the couple have had their I-586 forms approved.

An in-depth analysis of the Ramirezes’ fraud case, which was more of a Ponzi scheme discloses that the couple solicited funds from foreign investors with false promises of granting them EB-5 visas. Based on the search warrant affidavits, the couple could spend money from new foreign investors for their benefits and also pay previous investors from the same money. The complainant revealed that an investor from Mexico, Nuevo Leon, confirmed that he gave the USA Now (a company owned by the couple) $500,000 (Roebuck, 2013). A trail of the funds disclosed that Bebe Ramirez moved the money to Now Co. Loan Services, a company she managed.

Roebuck (2013) further identifies that another investor from Tamaulipas confirmed to have also given some money to USA Now to finance an alleged investment in an energy development project. But this was not fulfilled, an affidavit revealed that Bebe Ramirez had taken a certain percentage of this particular money and bought herself a Mercedes Benz SUV instead. Aside from energy projects and escrow lies, other ways the couple defrauded foreign investors was by luring them to invest in the Bayou Grill LLC (a restaurant owned by the couple) among other businesses. A lot of investors were defrauded in this particular manner, but even the efforts of the FBI and the SEC were not quite enough to help them recover their losses. Until today, a substantial number of foreign investors who were victims of the Ramirezes' fraud are yet to receive their return on investment.

The Ramirezes were involved in various legal problems. First of all, in accordance to the United States law, the couple was charged for soliciting money from foreign investors via unlawful means. In short, they were legally charged for fraudulent activities. In addition to fraud, the plaintiff reported a violation of securities laws; the SEC alleged that the couple had aided and abetted each other's securities law violation. Obviously, this lies with the legal jurisdiction and therefore suggests that indeed the entity encountered some legal problems. The complaints idea to utilize the aiding and abetting theory to handle fraudsters also vindicates the legal problems associated with Mr. and Mrs. Ramirez.

Since the SEC has the mandate to investigate and monitor EB-5 program regional centers, it ought to have taken some actions regarding the Ramirezes' fraudulent activities. Well based on research, the court did take some actions against the couple as well as sought measures to make the EB-5 visa program efficient once again. The SEC filed a case against the couple following their misuse and violation of the EB-5 visa program; through pretense, they defrauded foreign investors millions of dollars which was illegal and against the securities laws. Also, evidently, the SEC has ensured the efficiency of EB-5 program in order to enable foreign investors to conduct their due diligence effectively before they select the regional center as an investment tool (this made possible via the Office of Investor Education and Advocacy). Such an action has been productive, and through it, EB-5 programs have lately gained popularity across the United States.

## Outcomes of the 2010 Ponzi Scheme Fraud Case

SEC has at all cost sought to promote its mission of protecting investors, maintaining fair, orderly, and efficient, and facilitating capital formation. For instance, SEC investigates potential violations of the federal securities laws. In that line of action, SEC brought to attention cases against alleged fraudsters the likes of the Ramirezes. Also, the SEC sought to file cases against securities laws wrongdoers, prosecuting the commission’s enforcement actions.

The Financial Industry Regulatory Authority (FINRA) has also endorsed various actions that a line with the EB-5 visa program. FINRA’s cooperation with SEC has been a great deal towards the EB-5 visa program. There has been flexibility and increased sharing of vital information about brokers, their role and other dealers and fraudulent activities that might be associated with the EB-5 program. All these actions have played an important role in marketing EPB-5 as a potential tool for investment.

FINRA in an independent nonprofit self-regulatory organization. That being the case, the organization has an advantage and freedom of endorsing several tasks. Firstly, the organization oversees regulatory measures that are crucial for the securities industry (Stock & Zuckerman, 2018). Well, this particular task executed while considering brokers and dealers that related to FINRA. Secondly, the organization has released essential guidance rules and rulemaking to aid the EB-5 program (Stock & Zuckerman, 2018). Aside from making the EB-5 program efficient, these actions performed by FINRA have also been essential in addressing due diligence obligations for fraudsters like Mr. and Mrs. Ramirez who are utilizing the EB-5 program to deceive foreign investors.

The FBI also had an important action in the Ponzi scheme case. The idea to raid USA Now’s offices in McAllen saved a substantial number of potential new foreign investors their money, which of course would have been lost in ways unknown to the SEC (Roebuck, 2013). The search warrant affidavits in possession of the FBI disclosed that the couple indeed had defrauded various foreign investors and that was a big deal for both the victims and the plaintiff, SEC. Moreover, these affidavits change the course of EB-5 visa to an efficient and more regulated program. Precisely, the FBI upon raiding the defendants’ premises, particularly the USA Now, enough materials and evidence were recovered indicating that the couple was operating an investment fraud ("USA Now director, employee plead guilty in Ponzi scheme case", 2018). Thanks to the efforts of the FBI in conjunction with the SEC that the couple was busted and their operation brought to an end.

## Conclusion

To sum up, considering the Ponzi scheme, precisely Mr. and Mrs. Ramirez fraud scandal, there are various procedures foreign investors should take into consideration before selecting the EB-5 program as an investment tool. It does not matter whether the current program safe and efficient, but taking precaution is quite important too. In fact, if the foreigner investors alleged to have been defrauded by the Ramirezes had taken some precaution, then they would not have lost their money.

 Apparently, from the experience of the Ramirezes’ fraudulent activities, USCIS, the body that regulates and administers the EB-5 program recommend various perspectives that an EB-5 investor might consider before going for an EB-5 investment. First of all, it is significant for a potential foreign investor to sanction that the regional center has been designated by the USCIS on the USCIS's website. Doing so guarantees them security of their investments. Second, it is necessary for EB-5 investors to insist on and obtain their regional center's letters Form I-924 and I-924A. The purpose of doing so is to keep track of possible transactions including their return on investment.

Thirdly, from Mr. and Mrs. Ramirez fraud it is evident that requesting investment information in writing to justify the authenticity is essential. Also, taking time to review the information is significant. Fourth, asking for any associated transactions with their respective EB-5 investment is important. Transaction information that EB-5 investors should demand to know to include the compensation being paid to lawyers, agents and all parties recommending the investment. Fifth, EB-5 investors should seek independent verification claims made by an EB-5 investment. Lastly, doing research and assessing possible fraudulent activities, any warnings, high investment returns, and unregistered and unsilenced investments should proceed to avoid later inconveniences including the loss of money. All these are extremely important and foreign investors should consider such aspects while selecting an EB-5 investment program.

## References

Cohen, S. (2016). Testimony on the EB-5 Immigrant Investor Program. Retrieved from https://www.sec.gov/news/testimony/cohen-testimony-02022016.html

Colucci, D. (2013). SEC announces enforcement action against USA Now Regional Center [Blog]. Retrieved from http://www.eb5investors.com/blog/sec-action-against-usa-now

EB-5 Ponzi Scheme Indicted by SEC. (2018). Law Office of Paul Szeto LLC. Retrieved from http://szetolaw.com/content/eb-5-ponzi-scheme-indicted-sec

Hirson, D. (2015). From the desk of an EB-5 lawyer. EB-5 Investors Magazine. Retrieved from http://www.eb5investors.com/magazine/article/from-the-desk-eb5-lawyer-winter-2014

Roebuck, J. (2013). McAllen visa firm conducted Ponzi scheme, feds say. Retrieved from https://www.expressnews.com/news/local/article/McAllen-visa-firm-conducted-Ponzi-scheme-feds-say-4758591.php

Securities and Exchange Commission v. Marco A. Ramirez; Bebe Ramirez; USA Now, LLC; USA Now Energy Capital Group, LP; and Now Co. Loan Services, LLC (2013). Retrieved from https://www.sec.gov/litigation/complaints/2013/comp-pr2013-210.pdf

Stock, M., & Zuckerman, J. (2018). How to report EB-5 visa fraud and earn an SEC whistleblower award. Retrieved from https://www.zuckermanlaw.com/report-eb-5-visa-fraud-earn-sec-whistleblower-award/

Sustad, E., & Diligence, E. (2017). US immigration with EB-5 visa program – Risks and critical steps to avoid falling victim. Exiger. Retrieved from https://www.exiger.com/content/us-immigration-eb-5-visa-program-%E2%80%93-risks-and-critical-steps-avoid-falling-victim

USA Now director, employee plead guilty in Ponzi scheme case. (2018). Retrieved from https://www.themonitor.com/news/local/article\_e056490a-f0ff-11e7-8f56-c39ca34b0e5d.html