

# SEC Charges EB-5 Brokers For Not Registering

September 26, 2015

Multiple firms involved in the solicitation of investment capital for the Immigrant Investor Program (also known as "EB-5") have recently been charged by the SEC with acting as unregistered brokers. Neither *In re Ireeco, LLC*, nor *SEC v. Luca Int'l Group, LLC*, the first cases of this type, comes as a complete surprise (see "Immigrant Investor Program Raises SEC Broker Registration Issues" in the Summer 2014 *Expect Focus*). The EB-5 program allows foreign investors to qualify for U.S. residency by investing in new commercial enterprises that create U.S. jobs. Because these investments frequently take the form of securities, firms that receive fees for facilitating the transactions may be required to register as brokers under the Securities Exchange Act of 1934. In a recent press release, the SEC stated that it will "vigorously enforce compliance" with the broker registration requirements in the EB-5 area. Moreover, **FINRA's 2015 Regulatory and Examination Priorities Letter raised concerns about the adequacy of the due diligence and suitability analysis performed by some FINRA members that are involved in EB-5 private placement offerings.** Given the increased attention from the SEC and FINRA, firms operating as EB-5 brokers should carefully examine the state of their compliance with all applicable federal securities law requirements.

## Related Practices

[Securities Litigation and Enforcement](#)

©2024 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our Contact Us form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.

