

CHECKLIST OF CONTENTS OF
REGIONAL CENTER COMPLIANCE POLICIES AND PROCEDURES MANUAL
UNDER EB-5 REFORM AND INTEGRITY ACT

The following is a checklist of the major categories of policies and procedures that should be included in a Regional Center's Compliance Policies and Procedures Manual to conform to the requirements of the EB-5 Reform and Integrity Act of 2022.

I. COMPLIANCE WITH SECURITIES LAWS

A. Securities Act of 1933 – describe policies for confirming exemption from registration of offering of securities of NCEs and anti-fraud protections

1. Regulation D

- a. “Bad Actor” questionnaires from all executive officers, directors, promoters and control persons of Regional Center, JCE and NCE
- b. Form D filing with SEC
- c. Accredited Investor questionnaires (for SEC Rule 506(b) offerings)
- d. Verification of Accredited Investor status (for SEC Rule 506(c) offerings)
- [e. Internal controls to confirm that offerings are made in accordance with the exemption.](#)

2. Regulation S

- a. Legend regarding restrictions on resale in US in PPM and governing document of NCE
- [b. Internal controls to confirm that offerings are made in accordance with the exemption](#)

3. Anti-fraud protections

- a. Describe due diligence procedures used by Regional Center to assure that offering documents do not contain material misstatements or omit to state material information, including:
 - i. Background checks [on individuals and corporations, including ownership of real property](#)
 - ii. Site Visit
 - iii. Interviews with key management of NCE and JCE
 - iv. reviews of project budget, project capital structure, development and construction timelines, projections and any feasibility studies
 - v. review of intended use of EB-5 funds

vi. review of all fees and compensation payable to management and affiliates of NCE and JCE

vii. review of all material contracts (loan agreements, employment contracts, construction contracts, etc.

viii. review of governing documents of all entities in chain of ownership of JCE and NCE to determine ultimate ownership and control

[ix. Verification of use of legal, accounting and economic professionals, and if not, why not.](#)

[x. Internal controls on disposition of funds, including authorized check signers, escrow etc.](#)

b. describe certifications required from management of each NCE and JCE confirming accuracy of statements made in PPM and disclosure of all related party compensation, conflicts of interest and risk factors

B. Securities Exchange Act of 1934 – describe procedures to confirm legality of payment of compensation to brokers, agents and finders

1. Describe procedures to determine whether all persons to be paid compensation are exempt from registration as a securities broker dealer

2. Describe requirement that every NCE has a written agreement with all persons who will be paid compensation for introducing investors to NCE that includes necessary representations to establish that such persons are either registered broker-dealers or exempt from registration

C. Investment Company Act of 1940 – exemption of NCE from registration as investment company

1. Describe required procedure that NCE is exempt under Section 3(c)(1), 3(c)(5) or 3(c)(7) or affiliate financing subsidiary definition

2. Describe required certification by NCE that it meets a required exemption

D. Investment Advisers Act of 1940 – exemption from registration of NCE Manager as investment adviser

1. Describe required confirmation that NCE Manager does not have “assets under management” of more than \$100 million under SEC definition

2. Describe required filing by each NCE manager, if necessary, of Part 1 of Form ADV to claim “exempt reporting adviser” status

[3. Clear disclosure of conflicts of interest between and among all entities involved in deal](#)

E. State Securities Laws – exemptions from registration of NCE offering and of NCE manager as investment adviser under applicable state laws

1. Describe requirement of each NCE to provide evidence of compliance with state securities registration exemption of NCE offering

- a. Regulation D notice filings
- b. Regulation S compatible exemptions

2. Describe requirement that each NCE Manager provide documentation of state investment adviser registration exemption of NCE manager

II. COMPLIANCE WITH EB-5 PROGRAM REQUIREMENTS

A. Policies and Procedures Manual

1. Include requirement that Regional Center will maintain and regularly review written Compliance Policies and Procedures Manual

2. Provide for Chief Compliance Officer (if desired) or specify who is responsible for preparing, review and approving required procedures in Compliance Manual

3. Describe procedures for detecting and correcting violations of Compliance Manual requirements

B. Records Retention

1. Describe records maintenance and retention policies for all records required under RIA, [including but not limited to electronic communications such as WeChat, e-mail and other media](#)

[2. Files of all marketing and advertising materials, including logs of distribution of PPMs.](#)

C. Annual Reports

1. Describe policy for filing annual reports with USCIS

2. Describe policies for obtaining annual certifications from each NCE and JCE sponsored by Regional Center

3. Describe policies for providing annual certifications required to be provided by Regional Center to USCIS

D. Fund Administration or Annual Audits

1. Describe policies for requiring third party fund administrator or annual audits of JCE or NCE

E. Notification of Changes in Regional Center

1. Describe policies for notification of USCIS of changes in ownership or management of Regional Center

III. COMPLIANCE WITH FEDERAL LABOR LAWS

1. Describe policies and procedures for compliance with federal labor laws