

GAO Highlights

Highlights of [GAO-15-696](#), a report to congressional requesters

Why GAO Did This Study

Congress created the EB-5 visa category to promote job creation by immigrant investors in exchange for visas providing lawful permanent residency. Participants are required to invest \$1 million in a business that is to create at least 10 jobs—or \$500,000 for businesses located in an area that is rural or has experienced unemployment of at least 150 percent of the national average rate. Upon meeting program requirements, immigrant investors are eligible for conditional status to live and work in the United States and can apply to remove the conditions for lawful permanent residency after 2 years.

GAO was asked to review fraud risks and economic benefits for the EB-5 Program. This report examines USCIS efforts under the EB-5 Program to (1) work with interagency partners to assess fraud and other related risks, (2) address any identified fraud risks, and (3) increase its capacity to verify job creation and use a valid and reliable methodology to report economic benefits. GAO reviewed risk assessments and processes to address fraud risks, verify job creation, and report economic benefits.

What GAO Recommends

GAO recommends that, among other things, USCIS conduct regular future risk assessments, develop a strategy to expand information collection, and analyze the data collected on program forms to reliably report on economic benefits. DHS concurred with our four recommendations.

View [GAO-15-696](#). For more information, contact Rebecca Gambler at (202) 512-8777 or gambler@gao.gov, or Seto Bagdoyan at (202) 512-6722 or bagdoyan@gao.gov.

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IMMIGRANT INVESTOR PROGRAM

Additional Actions Needed to Better Assess Fraud Risks and Report Economic Benefits

What GAO Found

The Department of Homeland Security's (DHS) U.S. Citizenship and Immigration Services (USCIS) administers the Employment-Based Fifth Preference Immigrant Investor Program (EB-5 Program) and collaborated with its interagency partners to assess fraud and national security risks in the program in fiscal years 2012 and 2015. Unique fraud risks identified in the program included uncertainties in verifying that the funds invested were obtained lawfully and various investment-related schemes to defraud investors. These assessments were onetime efforts; however, USCIS officials noted that fraud risks in the EB-5 Program are constantly evolving, and they continually identify new fraud schemes. USCIS does not have documented plans to conduct regular future risk assessments, in accordance with fraud prevention practices, which could help inform efforts to identify and address evolving program risks.

USCIS has taken steps to address the fraud risks it identified by enhancing its fraud risk management efforts, including establishing a dedicated entity to oversee these efforts. However, USCIS's information systems and processes limit its ability to collect and use data on EB-5 Program participants to address fraud risks in the program. For example, USCIS does not consistently enter some information it collects on participants in its information systems, such as name and date of birth, a fact that presents barriers to conducting basic electronic searches that could be analyzed for potential fraud, such as schemes to defraud investors. USCIS plans to collect and maintain more complete data in its new information system; however, GAO reported in May 2015 that the new system is nearly 4 years delayed. In the meantime, USCIS does not have a strategy for collecting additional information, including some information on businesses supported by EB-5 Program investments, that officials noted could help mitigate fraud, such as misrepresentation of new businesses. Given that information system improvements with the potential to expand USCIS's fraud mitigation efforts will not take effect until 2017 at the earliest and that gaps exist in USCIS's other information collection efforts, developing a strategy for collecting such information would better position USCIS to identify and mitigate potential fraud.

USCIS increased its capacity to verify job creation by increasing the size and expertise of its workforce and providing clarifying guidance and training, among other actions. However, USCIS's methodology for reporting program outcomes and overall economic benefits is not valid and reliable because it may understate or overstate program benefits in certain instances as it is based on the minimum program requirements of 10 jobs and a \$500,000 investment per investor instead of the number of jobs and investment amounts collected by USCIS on individual EB-5 Program forms. For example, USCIS reported 4,500 jobs for 450 investors on one project using its methodology instead of 10,500 jobs reported on EB-5 Program forms for that project. Further, investment amounts are not adjusted for investors who do not complete the program or invest \$1 million instead of \$500,000. USCIS officials said they are not statutorily required to develop a more comprehensive assessment. However, tracking and analyzing data on jobs and investments reported on program forms would better position USCIS to more reliably assess and report on the EB-5 Program economic benefits.