

WHAT ARE THE POTENTIAL IMPACTS OF REQUIRING PRECISE DISCLOSURE OF AGENT FEES?



Matthew Galati
Greenberg Traurig



Jay Rosen
Arnstein & Lehr



Clem Turner
Homeier & Law



Kurt Reuss
Primary Capital



PRESENTED BY:

PRIMARY CAPITAL

Senate Bill S.2415

Introduced by Senator Flake, Cornyn and Shumer.

The bill is often referred to as the Flake Bill or the “EB-5 Integrity Act of 2015”.

(K) Direct and Third-Party Promoters

(iv) Disclosure.—Each petition filed under section 204(a)(1)(H) shall include a disclosure, signed by the investor, that reflects all fees, ongoing interest, and other compensation paid to any person that the regional center or new commercial enterprise knows has received, or will receive, in connection with the investment, including compensation to agents, finders, or broker dealers involved in the offering, to the extent not already specifically identified in the business plan filed under subparagraph (F).

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Finder Fee Transparency

What are the implications?

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Bifurcating Agent Services

What services do agents offer besides ‘finder agent’?

When Do You Expect Changes?

When will the new rules come into affect?

How long before we see changes?

How Might Rules Be Circumvented?

Black market or under-the-table dealings

Not translate investor documents

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Agent Registration

What are the implications?