

# SEC: Lawyers Offered EB-5 Investments as Unregistered Brokers

## **FOR IMMEDIATE RELEASE**

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*Washington D.C., Dec. 7, 2015* — The Securities and Exchange Commission today announced a series of enforcement actions against lawyers across the country charged with offering EB-5 investments while not registered to act as brokers.

In one case, the lawyer and his firm are charged with defrauding foreign investors in the government's EB-5 Immigrant Investor Program, through which they seek a path to U.S. residency by investing in a specific project that creates or preserves at least 10 jobs for U.S. workers.

"Individuals and entities performing certain services and receiving commissions must be registered to legally operate as securities brokers if they're raising money for EB-5 projects," said Andrew J. Ceresney, Director of the SEC Enforcement Division. "The lawyers in these cases allegedly received commissions for selling, recommending, and facilitating EB-5 investments, and they are being held accountable for disregarding the relevant securities laws and regulations."

In a complaint filed in federal district court in Los Angeles, the SEC alleges that New York-based immigration attorney Hui Feng and the Law Offices of Feng & Associates not only acted as unregistered brokers by selling EB-5 investments to more than 100 investors, but they also defrauded clients by failing to disclose they received commissions on the investments in breach of their fiduciary and legal duties. They also allegedly defrauded some entities offering the EB-5 investments.

"We allege that Feng abused his role as an immigration attorney to illicitly operate as a broker and engage in a scheme to secretly receive commissions for selling EB-5 securities," said Michele Wein Layne, Director of the SEC's Los Angeles Regional Office.

According to the SEC's orders instituting settled administrative proceedings against several other lawyers and firms for broker registration violations:

- Various EB-5 regional centers or their managers paid commissions to the attorney or law firm for each new investor they successfully sold limited partnership interests.
- These payments were separate from legal fees received to provide legal services to the same clients.
- The lawyers and firms engaged in activities necessary to effectuate the transactions, such as recommending one or more EB-5 investments, acting as a liaison between the regional center and the investor, or facilitating the transfer or documentation of investment funds to the regional center.
- The lawyers thereby acted as unregistered brokers in violation of Section 15(a)(1) of the Securities Exchange Act of 1934.

Without admitting or denying the SEC's findings, the following individuals and firms agreed to cease and desist from acting as unregistered brokers:

- Austin, Texas-based Mehron P. Azarmehr and Azarmehr Law Group, who agreed to pay disgorgement of \$30,000, prejudgment interest of \$2,965, and a penalty of \$25,000.
- Miami-based Michael A. Bander and Bander Law Firm, who agreed to pay disgorgement of \$228,750, prejudgment interest of \$19,434, and a penalty of \$25,000.
- Miami-based attorney Roger A. Bernstein, who agreed to pay disgorgement of \$132,500, and prejudgment interest of \$8,243.
- Hoboken, N.J.-based attorney Allen E. Kaye.
- Los Angeles-based attorney Taraneh Khorrami, who agreed to pay disgorgement of \$60,000, prejudgment interest of \$7,843, and a penalty of \$25,000.
- Los Angeles-based Mike S. Manesh and Manesh & Mizrahi, who agreed to pay disgorgement of \$85,000 and prejudgment interest of \$11,159.
- China-based resident Kefei Wang, who agreed to pay disgorgement of \$40,000, prejudgment interest of \$1,590, and a penalty of \$25,000.

"These settled enforcement actions reflect the cooperation by these individuals in entering into early discussions with the staff and conserving precious investigative resources," said Stephen L. Cohen, Associate Director in the SEC Enforcement Division.

The SEC's continuing investigation has been conducted by Roger Paszamant, Thomas Manganello, Louis Gicale Jr., Sarah Hall, and Ashley Dolan, and supervised by Melissa A. Robertson.

The SEC's complaint against Feng and Feng & Associates alleges violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5. They also are charged with violating Section 15(a) of the Exchange Act. The complaint seeks disgorgement, prejudgment interest, and penalties along with permanent injunctions.

The SEC's investigation into Feng and his firm was conducted by Megan Bergstrom and supervised by Spencer Bendell. The litigation will be led by Donald Searles.

The SEC appreciates the assistance of U.S. Citizenship and Immigration Services.

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## Related Materials

- [Investor Alert: EB-5 Investment Scams](#)