

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF VERMONT

UNITED STATES OF AMERICA,

v.

Criminal No. 5:19-CR-00076-GWC

ARIEL QUIROS, WILLIAM KELLY,
WILLIAM STENGER,

Defendants

CATALOG OF MATERIAL PRODUCED BY THE STATE OF VERMONT
MARKED "PRIVILEGED" OR "CONFIDENTIAL"

As noted in Defendant Stenger's Preliminary Response to the Motions to Quash the subpoenas served on the State of Vermont and Locke Lord, the State of Vermont provided a host of documents marked "privileged" and "confidential" to federal investigators reviewing Jay Peak's EB-5 projects. These materials fall into the following four general categories: (1) email communications between an exclusive group of top state officials¹ charged with overseeing the EB-5 projects; (2) the analysis of data related to those projects by state regulators; (3) Weekly Reports submitted by Vermont

¹ These officials include Governor Peter Shumlin, ACCD Secretary Patricia Moulton, DFR Commissioner Susan Donegan, Governor Shumlin's Chief of Staff Elizabeth Miller, Governor Shumlin's Legal Counsel Sarah London, ACCD General Counsel John Kessler, DFR General Counsel David Cassetty, DFR Deputy Commissioner Michael Pieciak, Vermont Regional Center Director Brent Raymond, Deputy Attorney General Suzanne Young, Assistant Attorney General Jacob Humbert, Governor Shumlin's Chief of Staff Darren Springer, Chief Assistant Attorney General Bill Griffin, Assistant Attorney General Jon Alexander, Scott Coriell, Vermont Regional Center Director Eugene Fullam, ACCD Commissioner Lawrence Miller, Susan Allen, and Assistant Attorney General Megan Shafritz.

department commissioners and agency secretaries to the governor's office; and, (4) the State's preparation for, and response to, Jay Peak litigation in state and federal courts.

1. State email communications

In October 2015, Assistant Attorney General Jon Alexander notified state officials that documents related to Jay Peak's EB-5 projects had to be retained under what state officials referred to as a "litigation hold notice." The litigation hold notice itself is clearly marked "CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED ATTORNEY WORK PRODUCT." *Ex. 1.*

To date, defense counsel has located and identified the following email communications marked "privileged" or "confidential" and are arranged in chronological order as Exhibit 2:

- B. Raymond to J. Kessler and P. Moulton, 10/31/14
- J. Kessler to S. London, 11/17/14
- E. Miller to P. Moulton and S. London, 11/28/14
- J. Kessler to P. Moulton, B. Raymond, and J. Humbert, 12/18/14
- J. Kessler to S. Donegan, D. Cassetty, P. Moulton, B. Raymond, E. Miller, and S. London, 2/3/15
- S. London to P. Moulton, 2/11/15 and J. Humbert to J. Kessler, S. Young, and P. Moulton, 2/11/15
- J. Kessler to P. Moulton, S. London, and J. Humbert, 2/23/15
- S. Donegan to E. Miller, 3/1/15
- S. Donegan to E. Miller and S. London, 3/6/15
- S. Donegan to E. Miller, 3/8/15
- E. Miller to S. Donegan, 4/3/15
- S. Donegan to E. Miller, 4/6/15
- J. Kessler to J. Humbert and S. London, 4/9/15
- S. Donegan to E. Miller and S. London, 4/11/15
- E. Miller to S. Donegan and S. London, 4/26/15
- D. Springer to S. London, 11/24/15
- S. London to D. Springer and P. Moulton to D. Cassetty, M. Pieciak, S. Donegan, S. London, B. Griffin, S. Young, and J. Kessler, 12/7/15
- S. London to EXE, 4/8/16 and J. Alexander to S. London, 10/9/15
- P. Moulton to S. Donegan, S. Coriell, S. London, and B. Griffin, 4/11/16
- S. London to D. Springer and S. Coriell, 4/19/16

- S. London to EXE, 5/3/16
- E. Fullam to M. Pieciak and P. Moulton, 7/20/16
- D. Springer to S. London and S. Allen, 7/25/16
- P. Moulton to S. London, M. Pieciak, and J. Kessler, 7/25/16
- S. London to D. Springer, S. Allen, and L. Miller, 7/25/16
- S. London to GPS (Governor Peter Shumlin) and M. Shafritz to S. London, 7/28/16
- P. Moulton to S. London and B. Griffin, 8/26/16
- S. London to D. Springer and S. Allen, 8/29/16

2. Analysis of data by State regulators

To date, defense counsel has located and identified the following DFR reports marked “privileged” and are submitted as Exhibit 3:

- DFR Project overview, 32 pages (undated)
- DFR Project Overview, Raymond James Activity, Co-Mingling of Funds (undated)
- QBurke Mountain Resort, Overview of Evidence, (undated)
- DFR Project Overview of Jay Peak Ownership, 19 pages (undated)
- DFR Project Overview, Analysis of Funds (undated)
- DFR Project Overview, 136 pages (undated)
- DFR Overview of Ariel Quiros’s family and business ties with South Korea (undated)

3. Weekly Reports to Governor Shumlin

To date, defense counsel has located and identified the following Weekly Reports addressing the State’s oversight of Jay Peak’s EB-5 projects that are marked “privileged.”

Those reports are arranged in chronological order as Exhibit 4:

- July 13, 2014
- August 2, 2014
- August 24, 2014
- August 31, 2014
- September 27, 2014
- October 12, 2014
- November 23, 2014
- December 12, 2014
- December 19, 2014
- January 25, 2015
- February 6, 2015

- February 13, 2015
- October 10, 2015

4. The State's Preparation for, and Response to, Jay Peak litigation in State and Federal courts

To date, defense counsel has located and identified the following documents, some of which are marked "privileged," that relate to the state legal strategies and are arranged in chronological order as Exhibit 5:

- D. Donegan, Discussion Document, 4/11/1(5?)
- QBurke Project, DFR, 4/13/15
- S. Donegan to D. Cassetty, 6/22/1(5?)
- S. London to L. Miller, 10/9/15
- D. Cassetty to S. London, 10/16/15, Draft Complaint
- S. London to L. Miller, 10/27/15
- S. Donegan to S. London, 4/7/16, Revised Complaint
- J. Alexander, Second Request for preservation of documents, 5/3/16
- M. Pieciak to S. London, 6/15/16
- S. London to Governor Shumlin, 7/28/16
- M. Pieciak to S. London, 9/1/16

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Friday, April 08, 2016 4:53 PM
To: EXE
Subject: FW: Jay Peak Litigation Hold Notice
Attachments: 2015 10 9 Jay Peak Litigation Hold.pdf; ATT00001.htm

All, this is a friendly reminder about attached litigation hold notice from the Attorney General's Office. Please see attached. As always, happy to discuss if you have any questions. Thanks,
Sarah

From: London, Sarah
Sent: Friday, October 09, 2015 5:03 PM
To: EXE <EXE@vermont.gov>
Subject: Fwd: Jay Peak Litigation Hold Notice

All, this is a litigation hold notice from the Attorney General's Office regarding Jay Peak EB-5 records. This applies to everyone in the office, though I expect the vast majority of records described in this memo will be with senior staff. If you have correspondence with the people listed in this memo or substantive correspondence about the topics listed in this memo that do not involve senior staff, please save them in a separate folder. **Senior staff: please segregate any and all records you have into a separate folder. All staff should preserve the records described in this memo.** Happy to discuss any questions. Thank you,
Sarah

Sent from my iPad

Begin forwarded message:

From: "Alexander, Jon" <jon.alexander@vermont.gov>
Date: October 9, 2015 at 1:56:00 PM EDT
Subject: Jay Peak Litigation Hold Notice

Good afternoon-

Please see the attached and contact me with any questions.

Thanks, Jon

Jon T. Alexander
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, VT 05609-1001
(802) 828-1299
jon.alexander@vermont.gov (please note my new email address)

**WILLIAM H. SORRELL
ATTORNEY GENERAL**

**SUSANNE YOUNG
DEPUTY ATTORNEY
GENERAL**

**WILLIAM E. GRIFFIN
CHIEF ASST. ATTORNEY
GENERAL**



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WEBPAGE: www.atg.state.vt.us**

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER
05609-1001**

To: Susan Donegan, Commissioner, Department of Financial Regulation

Patricia Moulton, Secretary, Agency of Commerce and Community
Development

Sarah E.B. London, General Counsel, Office of the Governor

Deputy Attorney General Susanne Young

From: Jon T. Alexander, Assistant Attorney General

Re: Request for preservation of documents –
Jay Peak EB-5 Litigation

Date: October 9, 2015

**CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED
ATTORNEY WORK PRODUCT**

This memorandum is to formally notify you that we are advising the Department of Financial Regulation (“DFR”), Agency of Commerce and Community Development (“ACCD”), the Office of Governor and the Office of the Vermont Attorney General (“AGO”) to preserve all documents related to possible litigation concerning Jay Peak and Burke Mountain Projects in the “EB-5 Program,” a federal visa initiative designed to give foreign investors a legal path to obtain United States residency.

This type of notice is typically referred to as a “litigation hold” notice. In certain circumstances, the courts require that steps be taken to preserve documents, both paper and electronic, related to the subject matter of the litigation. These requirements are serious and sobering. Harsh sanctions can be imposed by the courts if documents are not retained.

DFR, ACCD, AGO and the Governor's Office should continue the "litigation hold" until any lawsuit involving the State and all appeals come to a close. It should be discontinued only after consultation with me and Susanne Young, Deputy Attorney General.

Scope of request

This request for preservation of documents relates to possible litigation relating to any Jay Peak and Burke Mountain projects in the EB-5 program. The request to preserve documents applies to all documents held by DFR, ACCD, AGO and the Governor's Office, including written documents and all electronically stored documents and information. The obligation to preserve electronically stored information applies to all aspects of DFR, ACCD, AGO and the Governor's Office's technology, and includes information held in their buildings, in storage facilities run by the Department of Public Records, and in any other off-site storage facility.

The documents retained should include all paper or electronic documents, as well as draft or final versions of internal and external correspondence (including e-mails and text messages), memoranda, notes and other documents referencing or relating to:

- Jay Peak or Burke Mountain EB-5 Projects;
- any of the following entities involved in the Jay Peak or Burke Mountain EB-5 Projects:
 - Jay Peak Hotel Suites L.P.
 - Jay Peak Hotel Suites Phase II L.P.
 - Jay Peak Penthouse Suites L.P.
 - Jay Peak Golf and Mountain Suites L.P.
 - Jay Peak Lodge and Townhouses L.P.
 - Jay Peak Suites Stateside L.P.
 - Q Burke Mountain Resort, Hotel and Conference Center, L.P.
 - Jay Peak Biomedical Research Park, L.P.;
- the Private Placement Memorandum (PPMs) for any of the Jay Peak or Burke Mountain EB-5 Projects;
- any of the following :
 - Ariel Quiros
 - William Stenger
 - William Kelly
 - Ary Quiros

Joel Burnstein
AnC Bio VT LLC
AnC Bio Vermont GP Services, LLC
Q Burke Mountain Resort GP Services, LLC
Q Resorts, Inc.
G.S.I. of Dade County, Inc.
Jay Construction Management, Inc.
North East Contract Services, LLC.

In addition, any documents created from now on related to any of the above-described related categories must also be preserved. All information should be stored in original, unaltered form. E-mails may be the most difficult category of information to preserve, so your personnel should work to identify relevant e-mails and prevent them from being lost or destroyed. They should be saved in an easily accessible electronic file; if that is not feasible then they should be printed and stored prior to deletion. It is important to preserve e-mails and correspondence in your files related to this matter, even if they may eventually be protected from disclosure by a claim of privilege. Please confer with your Information Technology personnel on the best way to preserve electronic documents in each person's individual possession or control relating to any of the above-described related categories.

Communication of Litigation Hold Request to Personnel

This request from State legal counsel must be communicated by you to all personnel in DFR, ACCD, AGO and the Governor's Office who have control of document or data systems and to all personnel who may have authored or received any documents related to the above-described related categories. Documents of former employees should be similarly retained.

If, during the pendency of this litigation hold, other personnel who have e-mails or other electronic documents or information that pertain to the issues noted above leave their employment with DFR, ACCD, AGO or the Governor's Office, certain steps overseen by your respective Information Technology personnel should be taken to preserve those electronic documents and information. Any relevant documents or information contained on the computer hard drives of these employees or on your shared drives or network servers should be retained, and their e-mails should be preserved. To the extent possible, such employees should be encouraged to identify relevant documents or information before they cease their employment.

In addition, any agency or department automatic or regular document destruction policy should be discontinued for the duration of this litigation hold.

If you have any questions about your obligations regarding preservation of documents, please contact me.

From: "Kessler, John" <John.Kessler@state.vt.us>
To: "Moulton, Pat" <Pat.Moulton@state.vt.us>
Cc: "Raymond, Brent" <Brent.Raymond@state.vt.us>
Subject: FW: Q Burke - MA, Jiangyan
Date: Fri, 31 Oct 2014 11:38:14 -0400

Pat

Make sure you scroll to the bottom for the email from Michelle, one of Lincoln Stone's partners. The concerns raised are all concerns Brent has also flagged previously. I am going to forward to Mark Scribner and ask that he make his clients aware.

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

From: Kessler, John
Sent: Friday, October 31, 2014 10:43 AM
To: Raymond, Brent
Cc: Moulton, Pat
Subject: RE: Q Burke - MA, Jiangyan

Thanks Brent. The questions and concerns from Lincoln Stone and Gary Dong reflect what we already know to be weaknesses of the projects.

Pat, Lincoln Stone is one of the more highly regarded immigration/EBS attorneys in EB5. So his law firm's perspective is very telling.

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

From: Raymond, Brent
Sent: Friday, October 31, 2014 8:51 AM
To: Kessler, John
Cc: Moulton, Pat
Subject: Fwd: Q Burke - MA, Jiangyan

!! ATTORNEY CLIENT PRIVILEGED COMMUNICATION !!

FYI below. One of his China agents. No longer promoting until he receives a reply to his questions. My guess is he'll no longer promote once he receives reply won't because of the large % of EB-5 capital in the stack.

He's the deputy head of an entire region of agents. Next year he'll be the head. Note that he's copied Lincoln on his email. Lincoln has had Q-Burke's I-526 RFE reply for a month now, but hadn't submitted for his and Gary's clients.

When Gary spoke to me he stated Lincoln "doesn't like Jay's 2 projects (i.e. Q-Burke and AnC).

Brent Raymond | Executive Director of International Trade & Foreign Investment
Vermont EB-5 Regional Ctr
Vermont Global Trade Partnership
1 National Life Dr, Davis Bldg, 6th Floor | Montpelier, VT 05620-0501
802-522-2540
eb5.vermont.gov
export.vermont.gov

Sent from my iPhone

Begin forwarded message:

From: 董世華 <gary.d@wonderfulsz.com>
Date: October 31, 2014 at 8:41:28 PM GMT+8
To: bill stenger-jaypeak <bstenger@jaypeakresort.com>

ACCD013518

Cc: Michele Franchett <michele@sqqimmigration.com>, Lizzy Button <lbutton@jaypeakresort.com>, Lincoln Stone <lincoln@sqqimmigration.com>, brent-vermont RC <brent_raymond@state.vt.us>, Alex MacLean <amaclean@jaypeakresort.com>, 张翠兰 <mona.z@wonderfulsz.com>, 董素艳 <rdf33@wonderfulsz.com>
Subject: Re:Re: Q Burke - MA, Jiangyan

Hi,BILL:

I am happy we are keep going on.

Now I have some clients questions to you ,i have to stop to promote Jaepeak program until you give me confidence.And I still want to invite you to take part in our Guangdong EB5 summit in next March or May when you got the first Burke's I 526 approval.

1、 第八期的216个EB-5投资人指标现在有多少个人到位了？

1. How many investors have been in place of the 216 target EB-5 investors in Phase 8?

2、 第八期除了EB-5的资金外，是否有其它资金投入项目日中，如：项目方自有资金、贷款、发债、政府投资等。

2. Apart from the EB-5 capital, are there any other funds in phase 8 of the project, such as developer's equity, loan, bond, government investment?

3、 各期项目的土地是租地还是购买的有产权的土地，如果是租用的土地，向谁租的地，如果买的地，资金是从EB-5中出资还是其它资金。

3. Is the land of each phrase leasehold of freehold? If it is leasehold, who owns the right of the land? If it is freehold, is it pay by the EB-5 investor or other funds?

4、 杰伊峰以往的项目(1期至6期)投资人很少，集资时间很短，拿到录卡的时间也短，还款的时间会有5年期比较准时，第八期投资人216人，资金全部到位的时间也许要3年，再加上后面的人有移民审核排期，等到216人都拿到录卡的时间会很长，偿还投资的时间也会远远超过5年，这对较早投入资金的人是很不公平的，项目方会不会有将第八期分成若干子期的计划，如果这样，前期到帐的投资人不致于受后期到帐人的影响。

4.In the previous projects of Jaypeak (Phrase 1 to phrase 6),there is only a few investors and the capital raising & green card acquisition time is short. Capital repayment is usually 5 years. However, there will be 216 investors in Phrase 8 and putting all the capital funds in place would take at least 3 years. Including the Visa Retrogression time, it would be more than 5 years to wait for all 216 investor obtain their green card, the investment repayment time should be more than 5 years, which is unfair to the early investors. Is it possible to divide the project into a few sub-projects? If it is possible, the early investors would not be affected by the later.

5、 听说你们的还款来源是靠项目经营盈利，请问你们以往项目的净资产收益率是多少？如果项目建成要两年，经营二年，五年后还款，项目三年的利润是无法偿还EB-5投资人的全部投资的，请问偿还资金如何安排？

5.I heard that your repayment rely on the project's profit, could you tell me the net assets income rate in the previous projects? If the project takes two years in construction and three years in operation, then the repayment take place in the fifth year, the profit of the three years operation should not be enough to repay all the EB-5 investment. How would you arrange for the repayment?

6、 如果216名投资人长期不能完全到位，是否会影响到项目的整体进度或项目成败，是否影响到投资人的绿卡及还款安全？

6. If the target 216 investor takes too long time to be in place, will it affect the whole progress or the prosperity of the project? Will it affect the investors green card and the repayment security?

7、 如果绿卡或还款有问题如何补救

7. If there is any problem with the green card or repayment, how would you solve it out?

Best regards,

Gary DONG 董世革

Director 总裁

【瑞得福出国】

Wonderful (SZ.) Inte'l Economy and Culture Exchange Ltd. [Wonderful Shenzhen]

地址：深圳市福田区深南大道2008号中国凤凰大厦2号楼19B

Mobile: 139 024 86432

Email: gary.d@wonderfulsz.com

Office: 0755-2399 0058; FAX: 0755-23990032

网址: www.wonderfulsz.com

在 2014-10-31 18:46:12, "Alex MacLean" <amaclean@jaypeakresort.com> 写道:

Hi Michele -

Can you please tell me specifically what discrepancies you have identified?

Thank you.

Alex

Sent from my iPhone

On Oct 30, 2014, at 9:29 PM, "Michele Franchett" <michele@sqqimmigration.com> wrote:

Alex,

We've been looking at the draft response to the RFE this week, and we see some issues with respect to job creation associated with the construction phase.

It seems that discrepancies between the construction figures in the business plan and the economic impact report persist, and the costs are still not broken down in the business plan. The economic impact report contains detailed costs, and states that the data is taken from the business plan, but no corresponding data in the

ACCD013519

business plan is apparent (economic impact report, pages 8-9).

Also, it appears that no detailed construction timeline has been provided. Given the duration of construction activities extending beyond two years forms the basis for a significant portion of job creation claimed, USCIS will be focused on this. Thus, the lack of a detailed timeline, and moreover, an independent validation of the timeline, may be a problem. The letters from the contractor and architect both note they have worked for Jay Peak for seven years, and may not be viewed as independent. Also, their letters discuss the status of the project and major landmarks in construction, but do not provide a detailed timeline.

We will follow-up as soon as possible with additional comments pertaining to the operations phase.

Sincerely,

Michele Franchett
Attorney at Law | Partner

<image001.jpg>

Michele@sgimmigration.com

www.sgimmigration.com

THIS TRANSMISSION AND THE ATTACHED DOCUMENTS, IF ANY, ARE INTENDED ONLY FOR THE USE OF ADDRESSEE, AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING THE MESSAGE TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, OR COPYING OF THIS COMMUNICATION IS PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE OR RETURN E-MAIL AND DELETE THIS E-MAIL MESSAGE. THANK YOU.

From: London, Sarah [Sarah.London@state.vt.us]
Sent: Monday, November 17, 2014 6:02 PM
To: Kessler, John
CC: Miller, Elizabeth; Moulton, Pat
Subject: Re: EB5

Thanks John. Talk to you tomorrow.

Sent from my iPad

On Nov 17, 2014, at 6:00 PM, Kessler, John <John.Kessler@state.vt.us> wrote:

!!! Attorney-Client and Executive Privileged Communication !!!

Sarah

I just wanted to let you know I'm meeting with Jacob Humbert at the AG's Office Friday on our request for an updated review of the state's risk generally and the potential risk specifically by a project, using AnC Bio as an example. I had asked Susanne Young for an opportunity for both and Jacob was assigned.

We should catch up by phone beforehand. I'll try calling you tomorrow.

Thanks!

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]
Sent: Friday, November 28, 2014 4:14 PM
To: Moulton, Pat
CC: London, Sarah
Subject: Fwd: AnC Bio
Attachments: Gordon Letter to Kessler 11-24-2014.pdf; ATT00001.htm

Thanks for the update on this. Happy to schedule a further briefing with you/John/me/sarah. Overall it appears that the company has provided quite a bit of additional information; that, along with the confirmation of the fact that they will seek re-subscription, seems to go a long way to answering the questions your folks had posed. Liz

Elizabeth H. Miller
802-522-3090, cell
elizabeth.miller@state.vt.us

Begin forwarded message:

From: "Kessler, John" <John.Kessler@state.vt.us>
To: "Miller, Elizabeth" <Elizabeth.Miller@state.vt.us>, "London, Sarah" <Sarah.London@state.vt.us>
Cc: "Moulton, Pat" <Pat.Moulton@state.vt.us>, "Raymond, Brent" <Brent.Raymond@state.vt.us>
Subject: AnC Bio

Liz and Sarah,

I forwarded the attached letter to Walter St. Onge at Edwards Wildman, who had reviewed the updated AnC Bio PPM. He recommends discussing AnC Bio with him before Brent and I have our next phone conference with the enforcement attorneys from the SEC's Miami office next Tuesday afternoon. I'm trying to make that happen before I leave around 1130 today. Otherwise, when Brent is back in first thing next week. You would be interested in knowing that when we explained Bill Kelly's description of the SEC having gone through the original PPM line by line and not having any problems with it, both of the attorneys spontaneously laughed out loud. As you might imagine, SEC enforcement attorneys try really hard to maintain a stern matter-of-fact composure without betraying any indication of their own opinions. Their reaction is likely very telling.

In addition, as I think you also know, I met at length with AAG Jacob Humbert last Friday. I understand that Bill Griffin and Susanne Young are paying attention. Yesterday, after summarizing the SEC's call, I suggested Jacob let Bill and Susanne know of that conversation and that we would be having a follow up call next Tuesday. My impression is that things are going to pick up pace here in the next couple weeks. I am particularly eager to hear the advice Walter and his

securities partner Stan Keller have for us on the SDEC inquiry. To be clear, as I explained to the SEC, the State is bound by its 2012 MOU with AnC Bio and our actions have to be well-grounded in the authority and relevant provisions in that document. I described how AnC Bio is challenging because it straddles the old and new eras in EB5 – the pre- and post-Sec involvement times. The 2012 MOU shows the beginnings of my effort to introduce securities law requirements, which were notably absent from the earlier AnC Bio MOU that the 2012 MOU replaced. This is where I want to be sure the AG's Office understands the position we are in and is informed well enough to advise on the best ways to manage any risk exposure to the state.

We are staying on the course I laid out for this matter beginning back in May of this year. I have strategic plans for the likely scenarios we may pursue. We should have a briefing on AnC with you in the next week or so, as we gain more insight from both the SEC and Edwards Wildman.

Thank you for your attention to this matter. Together, I think we will be able to work through this thorny case effectively. I'm not promising it won't be difficult or messy, but I think we are following a good plan and are well-positioned for the next steps.

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
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Parking at National
Life<http://accd.vermont.gov/sites/accd/files/Documents/accd/NL_Campus%20Parking_Map.pdf>



**RICHARDSON
PATEL LLP**
Business Minds for Legal Matters™

November 24, 2014

Via Email

John W. Kessler, General Counsel
State of Vermont Agency of Commerce and Community Development
One National Life Drive
Montpelier, VT 05620-0501

RE: AnC Bio EB-5 Project

Dear Mr. Kessler:

We, along with Primmer Piper Eggleston & Cramer, PC, are counsel to AnC Bio Vt LLC ("AnC"). We write to respond to your letters dated November 7, 2014 and November 18, 2014 (together, the "Letters").

AnC submitted proposed revised offering documents relating to Jay Peak Biomedical Research Park LP ("JPBMRP") to your office, so that your office would have the opportunity to review and comment on the updated materials. Unfortunately, it appears as though the process has gotten off track.

First, we note that you have been providing comments with respect to the original offering materials. For example, in the November 7 letter, you wrote that, "Significant changes have been made to the PPM, as evidenced by the extensive redlining in the updated version. Much of the information appears to be material and does not necessarily simply reflect more recent developments, but may call into question the accuracy and completeness of earlier documents." Preliminarily, the earlier documents were accurate and complete. Any suggestion to the contrary is simply untrue. But, to the point, the process in which AnC agreed to engage related exclusively to the updated documents. Comments with respect to the original documents are off point and do not advance anything.

Second, inquiries and requests have been made with respect to EB5 projects unrelated to JPBMRP. But the only offerings at issue are the JPBMRP offering and the QBurke offering. There is no reason to address unrelated offerings.

From: Kessler, John [John.Kessler@state.vt.us]
Sent: Thursday, December 18, 2014 9:17 PM
To: Moulton, Pat; Raymond, Brent
CC: Humbert, Jacob
Subject: RE: Tomorrow mtg w/ Stenger

!!! Attorney-Client Privileged Communication !!!

Pat and Brent

I can't emphasize strongly enough how important it is to keep tomorrow as a **listening** session. What started as Bill Stenger asking for a call or meeting has been coopted by AnC Bio and its attorneys and converted into a full-court press they would like to put on us, but you in particular Pat.

The most important things to remember are that we have been trying since June to get the information necessary for us to determine if the updated AnC Bio offering is adequate and we still don't have it. In fact, we still have some very significant questions for which they have not provided answers. Even information provided by AnC continues to raise more material questions.

Witness the email I sent David Gordon et al. today regarding Alex Choi's YouTube marketing video of AnC Bio stating that Ariel Quiros and he founded the Company, even though the AnC Response accompanying Attorney Gordon's letter stated Ariel Quiros was never a founder or owner of AnC Bio Inc.

And we haven't yet raised the issue regarding the repeated material misrepresentation of the education credentials of AnC Bio's CEO Ike Lee -- both in a number of public presentations as well as in the four-page color brochure titled "Meet the CEO, From Ike Lee" that state he is a graduate of Harvard Medical School and the University of Michigan when he never attended either school, let alone earned a degree from them.

At this moment in time, AnC Bio owes us a substantial amount of information as well as some critical clarifications and explanations. Until AnC Bio responds in full to the requests we have been making, we should not engage in a question and answer meeting format with its principals or their attorneys. In the normal course of events, AnC Bio would have first fully responded to our information requests and afforded us a chance to review the material before meeting on it.

So, as I advised at the outset, if we are going to grant the entire cast of AnC Bio our time tomorrow, we should do nothing more than listen. Any questions they ask can and should be taken under advisement. This matter is well beyond the milestone where there could be such a thing as in insignificant or inconsequential discussion. Any information AnC Bio chooses to provide tomorrow can be accepted for later consideration. Bottom line is that AnC Bio owes us information, not the other way around. While it is true that we are the Regional Center that controls their fate, the ball has been deep in their court for some time and we haven't seen a lot of encouraging signs of a successful return over the net. Let's hold our position -- we've proceeded so thoughtfully and purposefully up to this point.

JK

From: Moulton, Pat
Sent: Thursday, December 18, 2014 8:05 PM
To: Raymond, Brent

Cc: Kessler, John

Subject: Re: Tomorrow mtg w/ Stenger

It just worries me that they are lawyered up. BUT...that I don't want to over react. So let's discuss in the am.

Patricia Moulton, Secretary
Agency of Commerce and Community Development
802-451-9578

Sent from my iPad, please excuse the typos!

On Dec 18, 2014, at 7:52 PM, Raymond, Brent <Brent.Raymond@state.vt.us> wrote:

Jacob would be good if he's available and willing. I'll call JK tonight.

Brent Raymond | Executive Director of International Trade & Foreign
Investment
Vermont EB-5 Regional Ctr
Vermont Global Trade Partnership
1 National Life Dr, Davis Bldg, 6th Floor | Montpelier, VT 05620-0501
802-522-2540
eb5.vermont.gov
export.vermont.gov

Sent from my iPhone

On Dec 18, 2014, at 6:43 PM, Moulton, Pat <Pat.Moulton@state.vt.us> wrote:

Just heard from Bill S. He will be here tomorrow with Bill Kelly,
Mark Scribner and David Gordon (from Richardson & Patel).

John, you are a must at this meeting. Wondering if Jacob Humbolt
should be there ? Or Stan or Walter from EWP on the phone?

Pat

Patricia Moulton, Secretary
Agency of Commerce & Community Development
One National Life Drive
Dean C. Davis building, 6th Floor
Montpelier, Vermont 05620-0501
802-451-9578
Sent from my iPhone

From: Kessler, John [John.Kessler@state.vt.us]
Sent: Tuesday, February 03, 2015 11:17 AM
To: Donegan, Susan; Cassetty, Dave; Moulton, Pat; Raymond, Brent
CC: Miller, Elizabeth; London, Sarah
Subject: RE: DFR Meeting with AnC Bio

Follow Up Flag: Flag for follow up
Flag Status: Flagged

CONFIDENTIAL -- Attorney-Client and Executive Privilege Communication

All

Having learned that DFR is nearing approval of the AnC Bio PPM, I would advise deferring a Final decision until the State has afforded Walter St. Onge and Stan Keller of Locke, Lord Edwards an opportunity to review and comment. Walter and Stan have been advising ACCD on this extraordinary matter since June 2014 on both the original and revised version of the AnC Bio PPM, as well as ACCD's response to the Miami SEC. In light of the significant concerns previously expressed by Walter and Stan, I believe it is in the State's best interests to know whether or not any of their concerns persist and the degree of risk and severity of harm they present to the State if left unresolved.

Walter's Contact Information:

Walter J. St. Onge III
Locke Lord LLP
111 Huntington Avenue
Boston, MA 02199
T: 617-239-0389
C: 617-605-7451
F: 866-955-9149
walter.stonge@lockelord.com
www.lockelord.com

If any of you have questions or need additional information, please feel free to ask me.

Thanks.

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

From: Smith, Christopher
Sent: Friday, January 30, 2015 3:43 PM
To: Pieciak, Michael; Donegan, Susan; Cassetty, Dave
Cc: Kessler, John; Moulton, Pat; Raymond, Brent
Subject: RE: DFR Meeting with AnC Bio

John,

Glad to hear that AnC Bio counsel described our meeting as productive. We concur with that sentiment. In summary, the meeting consisted of a frank conversation of DFR's new role in the Vermont Regional Center and addressed our questions and comments regarding the project's PPM, which included unaddressed ACCD concerns.

Today, Primmer followed up on most of our comments. Within the coming week Primmer will provide responses to remaining items, a new draft PPM, and a complete market study. Generally, the revised PPM is in good shape. We anticipate giving the project a green light after Primmer provides us with the outstanding information.

The Commissioner reached out to both Liz Miller and Secretary Moulton to update them. We will discuss with Brent the best way to normalize EB-5 communications going forward.

Lastly, Liz mentioned that Brent's SEC deposition is available and would like us to review it; could you please send us a copy?

Thank you for your help. Have a great weekend.

Best,

Christopher

Christopher M. F. Smith
Director of Capital Markets
Vermont Department of Financial Regulation
christopher.smith@state.vt.us
802.828.0727

From: "Kessler, John" <John.Kessler@state.vt.us>
Date: January 29, 2015 at 3:35:28 PM EST
To: "Pieciak, Michael" <Michael.Pieciak@state.vt.us>
Cc: "Raymond, Brent" <Brent.Raymond@state.vt.us>, "Moulton, Pat" <Pat.Moulton@state.vt.us>
Subject: DFR Meeting with AnC Bio

Mike

I read with great interest the reference in Jay Peak's weekly EB5 report to ACCD that AnC Bio's counsel, Mark Scribner, had a constructive meeting with a DFR representative yesterday. Please provide us as much of an outline or update as you are permitted to share, as we have regular communication with Bill Stenger and the Jay Peak EB5 projects and would like to be as current as they are with comments and questions you have shared with them so we aren't caught off guard and can most effectively interact with them as well.

Thanks!

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

Raymond, Brent

From: Smith, Christopher
Sent: Friday, January 30, 2015 3:43 PM
To: Pieciak, Michael; Donegan, Susan; Cassetty, Dave
Cc: Kessler, John; Moulton, Pat; Raymond, Brent
Subject: RE: DFR Meeting with AnC Bio

John,

Glad to hear that AnC Bio counsel described our meeting as productive. We concur with that sentiment. In summary, the meeting consisted of a frank conversation of DFR's new role in the Vermont Regional Center and addressed our questions and comments regarding the project's PPM, which included unaddressed ACCD concerns.

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Lastly, Liz mentioned that Brent's SEC deposition is available and would like us to review it; could you please send us a copy?

Thank you for your help. Have a great weekend.

Best,

Christopher

Christopher M. F. Smith
Director of Capital Markets
Vermont Department of Financial Regulation
christopher.smith@state.vt.us
802.828.0727

From: "Kessler, John" <John.Kessler@state.vt.us>
Date: January 29, 2015 at 3:35:28 PM EST
To: "Pieciak, Michael" <Michael.Pieciak@state.vt.us>
Cc: "Raymond, Brent" <Brent.Raymond@state.vt.us>, "Moulton, Pat" <Pat.Moulton@state.vt.us>
Subject: DFR Meeting with AnC Bio

Mike

I read with great interest the reference in Jay Peak's weekly EB5 report to ACCD that AnC Bio's counsel, Mark Scribner, had a constructive meeting with a DFR representative yesterday. Please provide us as

much of an outline or update as you are permitted to share, as we have regular communication with Bill Stenger and the Jay Peak EB5 projects and would like to be as current as they are with comments and questions you have shared with them so we aren't caught off guard and can most effectively interact with them as well.

Thanks!

JK

John W. Kessler
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Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

From: London, Sarah [Sarah.London@state.vt.us]
Sent: Wednesday, February 11, 2015 10:49 AM
To: Moulton, Pat
Subject: Fwd: AnC Bio Update

Pat, give me a call at your convenience. Cell is 279-7215.

Sent from my iPad

Begin forwarded message:

From: "Kessler, John" <John.Kessler@state.vt.us>
Date: February 11, 2015 at 10:44:33 AM EST
To: "Moulton, Pat" <Pat.Moulton@state.vt.us>, "Raymond, Brent" <Brent.Raymond@state.vt.us>
Cc: "London, Sarah" <Sarah.London@state.vt.us>
Subject: FW: AnC Bio Update

Attorney-Client Privilege and Executive Privilege Communication

Pat and Brent

How timely for Jacob to advise us to maintain our reliance on Walter St. Onge and Stan Keller only one hour after I shared my concern that arose from an article regarding the absolute necessity to retain counsel when contacted as part of an SEC inquiry. I remain concerned over the amount of risk to the state that is riding on my counsel. Although the AG's Office wants to stay current on the SEC proceeding, as you can see below, they are disclosing their own deficiency in securities law and advising us to continue obtaining substantive legal advice from Walter and Stan. Learning that the AG's Office is echoing the advice I have been giving for some time now, I have to advise we at a minimum determine what funds are available to consult Walter and Stan and make as strategic use as possible of both those funds and the expertise possessed by Walter and Stan.

You will also see that Jacob recommended I advise Bill Duchac, Director of Risk Management, of the SEC investigation. One aspect of the risk of liability to the state stems from the potential for the SEC to take action regardless of the state's decision on AnC Bio. I asked Jacob to research that for us, but have the impression he has only stated the obvious to me at this point – that the doctrine of preemption would likely come into play based on the broad authority given the SEC under the comprehensive scheme of federal securities law.

I still believe the fact that the SEC has actively investigated Jay Peak, Ariel Quiros, and AnC Bio since the issuance of its Formal Order of Investigation May 23, 2013 demonstrates the seriousness of this matter and that they are more likely than not to take some form of action rather than simply walk away from the almost two years invested by their senior legal counsel. I also remain concerned over the potential for a

favorable outcome by DFR on the AnC Bio PPM to incite the SEC to take a much more critical stance with the state -- mainly ACCD for its decision not to cancel the MOU based on the record of information it possessed. Again, the likely effect of preemption would render almost meaningless any action by DFR inconsistent with the SEC's view of the matter.

JK

John W. Kessler

General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

From: Humbert, Jacob
Sent: Wednesday, February 11, 2015 9:50 AM
To: Kessler, John
Cc: Young, Susanne; Moulton, Pat
Subject: RE: AnC Bio Update

ATTORNEY-CLIENT COMMUNICATION
PRIVILEGED AND CONFIDENTIAL

John:

In response to your request for the AGO's advice on steps that should be taken to minimize risk, our advice remains to continue to obtain substantive legal advice from Walter St. Onge and Stanley Keller, or other counsel having relevant expertise with the EB-5 program, securities law and SEC investigations. The AGO does not employ any attorneys who have expertise with the EB-5 program or securities law, so we are unable to provide you with legal advice in these highly specialized areas. Based on the information you provided in the below e-mail, I also recommend that you notify Bill Duchac at Risk Management about the investigation if you have not done so already.

As for your question related to concurrent federal and State jurisdiction, the answer will likely hinge on the doctrine of pre-emption. Here, the inquiry would start with a review of federal securities law. It is reasonable for ACCD to assume that SEC enforcement action remains a clear possibility, regardless of any DFR determination. Thank you.

Jacob A. Humbert

Assistant Attorney General
General Counsel and Administrative Law Division
Office of the Vermont Attorney General
109 State Street

Montpelier, VT 05609

T: (802) 828-3689

F: (802) 828-3187

PLEASE NOTE MY NEW E-MAIL ADDRESS: jacob.humbert@state.vt.us

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Please consider the environment before printing this e-mail

From: Kessler, John
Sent: Friday, February 06, 2015 3:31 PM
To: Humbert, Jacob
Cc: Raymond, Brent; Moulton, Pat
Subject: AnC Bio Update

Jacob

To keep you up to date and informed as you had requested, I have attached the transcript of Brent Raymond's 1/13/15 deposition with the Miami SEC. Trisha Sindler, senior counsel in the Miami SEC office is seeking a date to continue Brent's deposition. Trisha is also requesting the latest version of the PPM as it is being revised in consult with DFR. I advised her that ACCD did not have a copy at the moment, but may at the end of DFR's work on the matter. I also noted, and Trisha acknowledged, that any records at DFR would be outside the scope of the December 9, 2014 Document Production Subpoena served on ACCD. (copy attached). My thinking is that if the SEC is doing its job well and pursuing all records related to AnC Bio, then a Subpoena on DFR for all of its records would not come as a surprise.

Since I last updated you on this matter, I have formally requested and obtained a copy of the May 23, 2013 Order of Investigation issued by the Secretary of the SEC, which states in part, "The Commission has information that tends to show that from at least December 2006.... such acts and practices, if true, to be possible violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder." As the transcript of Brent's deposition will suggest rather clearly, the Miami SEC is concerned with the Vermont Regional Center's knowledge, analysis and response to acts and practices of AnC Bio that the SEC counsel seem to consider possible grounds for Vermont to cancel the MOU authorizing AnC Bio's EB5 project. To date, my impression is that ACCD is not in their sights for enforcement, but one could reasonably conclude from their counsel's statements that they may not be too reluctant to level some criticism for the amount of time and numerous extra chances the state

has afforded AnC Bio to recast its PPM into one that compliance with the disclosure requirements of the SEC's anti-fraud regulations.

As always, I have been trying to watch carefully for any potential risks to the state that the Attorney General should know about in order to best enable the AG's Office to provide advice as early as possible. To that end, please let me know if there are any steps we should consider to minimize or avoid liability or simply to practice sound risk management. My greatest concern remains that the SEC has come out in the last two years with enforcement actions backing up its announced priority of holding government officials responsible under its anti-fraud rule. One securities law firm published an annual summary of SEC enforcement described it this way:

*For some time now, it has signaled its intent to pursue enforcement actions against individuals, and it now is clear that **state and local government officials will fall within the SEC's enforcement focus**. The SEC also has signaled that it intends to recommit to its scrutiny of gatekeepers, such as lawyers and auditors, and that it considers underwriters to serve as gatekeepers.*

(emphasis added).

<http://www.ballardspahr.com/~media/files/alerts/2014-01-27-municipal-market-enforcement-newsletter.pdf>

In this context, it seems prudent to me to consider the risk of the SEC finding that the Vermont Regional Center did not take reasonably available steps to protect investors through omission, or worse, that the State by act or omission "aided and abetted" fraud as the SEC has found in other enforcement actions. For example, Page 2 at the article linked above, a summary of one SEC enforcement case includes the following description of the SEC's concern about the aiding and abetting of securities fraud:

*The SEC further alleges in its complaint that the Authority's 2008 Official Statement was false and misleading because, according to the SEC, it misstated the tax increment available to repay bondholders and the debt service ratio for the bonds. The SEC alleges that the calculations of the tax increment and debt service ratio were based on an **improperly inflated \$65 million valuation by the developer of the new airplane hangars**.*

(emphasis added). To our knowledge, AnC bio has yet to substantiate the EB5 investors' purchase of the unimproved Newport site for \$6 million paid via a disclosed related party transaction to GSI of Dade County Florida (owned by Ariel Quiros). In a similar fashion, AnC Bio has used \$10 million of the EB5 investor funds to pay AnC Bio Korea for the distribution rights for the rights to commercialize certain biotechnology products in North America without adequate factual disclosure of the specific basis for that value, which is compounded by the lack of any history of successful revenue generation from those products and technology in South Korea. Thus my concern for the state's exposure to liability through its EB5 program – AnC Bio in particular -- to the extent we

are acting as a “gatekeeper” or worse, in a way the SEC might characterize as “aiding and abetting” securities fraud.

Although the state through DFR has concurrent authority to regulate securities in the area of anti-fraud, I am concerned over the risk of liability that may arise where the state regulator exercises its enforcement discretion differently than the federal regulator – in this case the SEC, and the possibility of it taking a harsher stance than DFR. Before we find ourselves in that situation, I would greatly appreciate any information and advice from the AG’s Office on any instances in which a federal agency exercised its concurrent jurisdiction to eclipse the actions taken (or not taken) by the state regulator in the same matter. I’m suspecting that has come up somewhere else in the State’s not too distant past in areas of concurrent jurisdiction, such as environmental, labor, transportation and other fields.

Thanks for lending your assistance to us on the significant legal issues the state is encountering in its administration of the EB5 program.

JK

John W. Kessler

General Counsel

Agency of Commerce and Community Development

National Life Bldg., 6th Floor

Montpelier, VT 05620

(802) 828-5202

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From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]
Sent: Monday, February 23, 2015 5:10 PM
To: London, Sarah
Subject: Re: conf ac re PRA request

Thank you-your instincts are exactly right on this. That's what I needed someone to bird-dog this thank you. Donegan is aware of the timing issue so I don't think the absence of her GC is a significant barrier. We should check in with her tomorrow. I left a message for Pat on this Thursday and it wasn't until today that she returned the call; I think you and I both just need to realize that the secretary has too many things on her plate to manage this effectively on her own. She appreciates your help.

Sent from my iPhone

On Feb 23, 2015, at 4:57 PM, London, Sarah <Sarah.London@state.vt.us> wrote:

Re Digger AnC PRA: I have made clear that I do not want to go down the road of suggesting that state oversight communications are "trade secrets", which AGO/ Jacob has already advised and which John gets, despite detailed feedback. I don't expect any significant difference of opinion there, just typical process... We're also all agreed the negotiation of contracts exemption does not apply. John mostly hung up on SEC part. Ultimately, clearly most State communications will be disclosed; supposedly no potentially EP docs to date and we will see everything before it goes. I have said everything needs to go at once and not piecemeal. As for audit timing, GC of DFR is out this week but can try to connect with him next week. Otherwise, see below re extreme detail on ACCD side.

From: Kessler, John
Sent: Monday, February 23, 2015 4:45 PM
To: Moulton, Pat
Cc: London, Sarah; Humbert, Jacob
Subject: RE: Records Request on EB5 Suspension
Importance: High
Sensitivity: Confidential

Confidential – Attorney-Client and Executive Privileged Communication

Pat

I consulted Trisha Sindler in the Miami SEC office because when she first contacted us middle of last year, she advised us the Miami SEC investigation was a "confidential fact finding" and that we should not disclose to anyone. You will recall our concern about Brent's scheduled event in China with AnC Bio and the planned inclusion of Senator Leahy and Representative Welch after learning of the SEC investigation of Jay Peak and AnC Bio. We consulted the AG's Office advised it would be best to honor the SEC's request for confidentiality.

The second round of contacts with the Miami SEC office came between November of last year and now. In the current phase, we were advised of the formal Order of Investigation and its docket number, issued a subpoena for all of our records related to AnC Bio and a deposition order for Brent's testimony. The Order of Investigation issued directly by the Secretary of the SEC is not public. Indeed, we are only permitted to obtain a copy upon a formal written request (which I have done) and use it solely for the purposes of legal representation in the SEC investigation and responding to the subpoena and deposition order (which I have also done – shared the Order with Walter St. Onge and Stan Keller at Locke, Lorde and Edwards).

Today I consulted Trisha Sindler in the Miami SEC on the latest VTDigger records request because numerous records Anne Galloway seeks include information about the pending SEC investigation. At present, the AG's Office is inclined to find public disclosure is required of records we generated that discuss the suspension of EB5 investments in Jay Peak projects. From among all of those records, you will recall we have addressed the suspension of EB5 marketing and investment regarding Anc Bio and Q Burke in at least the seven detailed letters beginning with a July 9, 2014 letter summarizing the marketing and investment suspension agreed to at our June 27, 2014 meeting with Bill Stenger et al. at ACCD and running through the last one Dated December 30, 2014.

The release of the records showing the suspension of EB5 marketing and investment for AnC Bio and Q Burke will likely have dramatically adverse consequences on both projects. Accordingly, I am in discussion with the AG's Office to ensure we are on the same page in terms of what must be disclosed and what, if anything, can be withheld under the Public Records Act exemption in 1 VSA 317(c)(9) for trade secrets and other confidential business information. The initial AG position is records we created on the requested subject would likely need to be disclosed. But that's not final yet and we have the additional ten days to figure this out – through Friday, March 6.

Consulting the SEC on the VTDigger request was necessitated by the specific references to the SEC investigation not only in our letters dated November 7 and November 18, but also in many other records we have that also discuss the suspension of EB5 marketing and investment for AnC Bio. We need to know whether or not the SEC considers its investigation confidential and, therefore, information it would not want disclosed pursuant to the VTDigger request. Unfortunately, here's the vague and not too helpful response I just received from Trisha in the Miami SEC:

John:

As you know, our investigations are confidential. We cannot advise the ACCD on how to proceed in responding to this request.

Thank you,

Trisha D. Sindler
Senior Counsel
U.S. Securities and Exchange Commission
Miami Regional Office

Not exactly the most helpful guidance. I've swapped voice messages since receiving that reply and am hopeful for clearer guidance on how to treat the references in my letters (and surely in other correspondence) to the SEC investigation.

Lastly, as you can imagine, there has been voluminous correspondence regarding the suspension between each of the seven letters we sent on the AnC Bio project. However, the seven letters represent perhaps the most concentrated and complete records of our decision making on the suspension and efforts to secure a revised PPM that would enable us to lift the suspension and allow the project to resume. I understand that we would prefer to release all of the responsive records at one time, however, the burden of producing everything may not be cost-effective to Anne Galloway's apparent interest. With that in mind, I would want to negotiate with Anne for the production of those letters alone as they are readily available at little expense. By comparison, the hundreds of pages of correspondence that partially repeat bits and pieces of what was ultimately included in those letters would require a very lengthy review and redaction for attorney-client privilege, trade secrets/confidential business information under 1 VSA 317(c)(9), and a few for executive privilege. Predictably, the expense of reviewing all of those records would cost a few hundred dollars and I wouldn't support waiving the cost as requested by Anne Galloway. We should discuss this option or a variation on the same theme – producing records clearly not requiring legal review for content that supports the withholding of the record. Of course, if Anne wants to pay for everything, it will take a few days' time among those in the correspondence field identified and for me to review for privilege and confidentiality.

We need to discuss how we will manage the impact of the release of the records under this request. You know my advice; however, some course of action should be determined soon – March 6 is uncomfortably close.

JK

John W. Kessler

General Counsel

Agency of Commerce and Community Development

National Life Bldg., 6th Floor

Montpelier, VT 05620

(802) 828-5202

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From: Moulton, Pat

Sent: Monday, February 23, 2015 12:32 PM

To: Kessler, John

Subject: RE: Records Request on EB5 Suspension

Hi John,

I would like to discuss this with you. Anne Galloway did not ask about federal investigations, but federal or state directives to stop marketing. The SEC has NOT told them to stop marketing so I am wondering WHY the SEC investigation has to come up at all unless we get asked that specifically?

I think it is fine we are asking but given the nature of the request, why would we bring up the SEC investigation?

Pat

Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Kessler, John
Sent: Monday, February 23, 2015 11:40 AM
To: Fuchs, Trisha Sindler; James, Brian T.
Cc: Moulton, Pat; Raymond, Brent; Humbert, Jacob
Subject: Records Request on EB5 Suspension

Trisha

As you requested, I have attached the public records request we just received seeking all correspondence related to any state or federal directive suspending any of the Jay Peak EB5 projects, including AnC Bio and Q Burke. As you know, ACCD has written letters to the principals of AnC Bio suspending the marketing, spending of investor funds, and performance of any construction or construction related activities. Also included in our correspondence has been mention of the SEC investigation.

Please advise how the SEC would want ACCD to treat the information on the existence of an SEC investigation of AnC Bio – confidential or public?

We have asked for, and automatically are granted, ten additional days to seek legal counsel from the Vermont AG's Office. So, our response is due Friday, March 6.

Thank you for your assistance.

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620

(802) 828-5202
Parking at National Life

From: Donegan, Susan [Susan.Donegan@state.vt.us]
Sent: Sunday, March 01, 2015 2:39 PM
To: Miller, Elizabeth
Subject: AnC Bio -- EXECUTIVE PRIVILEGE
Attachments: Feb 27 Draft to Primmer - Letter Agreement with DFR and Jay Peak.docx

Liz,

To keep you up to date about AnC Bio --- Primmer sent us another draft of the proposed agreement at the end of last week. Their proposal really went too far in trying to limit the scope of the audit (including not using the word audit – which I don't care. We settled on "financial review.") and wanting all of ACCD's "holds" lifted. Specifically, escrow of new funds was not to their liking. We discussed further here at DFR and agreed to several of their requests (including limiting the scope with conditions) but in the final analysis we have kept the new funds hold and require escrow (but lifted all other holds). I believe we have accommodated Primmer's requests to the extent we can and have been clear what our limits are (and what happens if concerns are discovered in the review). In fact, I added stronger confidentiality language than they had crafted. Also, there is no invitation for another round of negotiating from us. I have copied the cover message that Mike Piechiak sent with this version of the agreement so you see the particulars and the tone of our approach. I hope we get this signed and back from Primmer ASAP – they have been apprised of the document production date, as you know.
S.

EMAIL TO PRIMMER FROM MIKE PIECIAK FOLLOWS:

Mark,

Thank you for your draft of the letter agreement. We appreciate your efforts to move this matter forward; like you, DFR is anxious to get this signed and get the financial review underway. Our revised draft is attached.

DFR agrees to accept your following comments: (1) limiting the scope of the audit to AnC Bio; obviously the scope must also include entities related by ownership and/or control who have received funds from AnC Bio and; (2) removing the IP condition.

In agreeing to the limited scope of the financial review, we have included a for cause provision allowing the scope to expand as appropriate if evidence of misuse/misappropriation is found.

Regarding the escrowing of new funds, the immigration risk is not practical as USCIS takes on average 14 months to approve an investors I-526 petition; however, we have included receiving such approval as a reason an individual investor's funds may be removed from escrow.

We do not agree with your general statement that a hold will discourage investment. We are confident your firm can come up with language to accurately describe the financial review to prospective investors that will provide them comfort a regulatory agency is confirming the project's representations – such government involvement is generally appreciated by foreign investors, in particular Chinese investors.

We agree to limit AnC's cooperation standard in connection with the financial review from full to reasonable; however, we included a cost shift mechanism to help ensure compliance with this reduced standard.

Regarding the SEC disclosure, DFR does not provide draft language, but as discussed, the disclosure must conform to the following three points:

- No reference to general SEC activities in the EB-5 industry;*
- Do not characterize/define the scope of the SEC's involvement/interest in the projects; and*
- Provide that it is unknown what further action the SEC may take at this time.*

DFR has been flexible to accommodate your business and immigration concerns; however, this revised draft reflects the limits of our flexibility. We will entertain language tweaks and comments but please recognize the substance of the agreement is final from our perspective.

Apologies for only including a clean copy of the letter agreement. I am away from the office and couldn't product a redline. Thank you.

*All the best,
Mike*

*Michael S. Pieciak
Deputy Commissioner of the Securities Division
Vermont Department of Financial Regulation*

Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation
89 Main Street
Montpelier, Vermont 05620
USA
(+1) 802-828-3301
susan.donegan@state.vt.us

Letter Agreement

The parties to this Letter Agreement (the "Agreement"), the State of Vermont Department of Financial Regulation ("DFR") and AnC Bio VT, LLC, William Stenger, Ariel Quiros, and Ary Quiros (collectively "AnC") agree as follows:

- 1) On October 23, 2009 AnC and the State of Vermont Agency of Commerce and Community Development ("ACCD") entered into a memorandum of understanding, later revising it on October 5, 2012 (the "Memorandum of Understanding"), regarding an EB-5 project located in Newport, Vermont (the "Project").
- 2) The Project received EB-5 investment but did not fully subscribe during the term of the offering and the Project is in the process of extending the terms of the offering Private Placement Memorandum (the "PPM") as set forth in an Amended and Restated Private Placement Memorandum (the "ARPPM") provided to DFR for its review.
- 3) Further, until AnC extended the term of the Project offering and updated the PPM, ACCD imposed a hold on the Project regarding (i) construction (the "Construction Hold"); (ii) further use of subscribed investor proceeds (the "Use of Subscribed Proceeds Hold"); (iii) further marketing and/or acceptance of new subscriptions (the "Marketing Hold"); and (iv) further use of new investor proceeds (the "Use of New Proceeds Hold").
- 4) On December 22, 2014, ACCD entered into a memorandum of understanding with DFR under which DFR agreed to participate in the Vermont Regional Center by developing an EB-5 Compliance Program charged with reviewing applications and conducting on-going compliance (the "ACCD DFR MOU").
- 5) AnC provided DFR with a summary depicting the use of investor funds in the Project through the date of this Agreement.
- 6) AnC provided DFR with an Executive Summary of Frost & Sullivan's "Strategic Analysis of AnC Bio Products and Services: Evaluating Demand".

Accordingly, DFR and AnC enter into this Agreement to set out each other's duties and responsibilities going forward.

- i. The Construction Hold and Use of Subscribed Proceeds Hold shall be lifted upon execution of this Agreement.
- ii. Marketing Hold shall be lifted upon completion of the following:
 - a. Evidence AnC established an escrow account for the Project (the "Escrow Account") and written certification from the AnC's members that all new investor funds (both principal and administrative fees) shall be maintained in the Escrow Account and only released to the Project upon successful completion of the Financial

CONFIDENTIAL BUSINESS AGREEMENT - PRODUCED TO DEPARTMENT, NOT SUBJECT TO PUBLIC DISCLOSURE

Review or, on an investor-by-investor basis, upon I-526 petition approval by USCIS in order to put the funds "at risk".

- b. Final approval by DFR of AnC's ARPPM.
- iii. The Use of New Proceeds Hold shall be lifted upon completion of a financial review (the "Financial Review").
- a. DFR shall conduct the Financial Review and the results shall be to DFR's reasonable satisfaction.
 - b. Scope of Financial Review shall initially be limited to:
 - 1. Entities. AnC and any entity or individual under common control or ownership of AnC that received funds from AnC.
 - 2. Time Frame. The entire corporate history of AnC and any entity or individual under common control or ownership of AnC that received funds from AnC.
 - 3. Records. Any financial records of AnC and any entity or individual under common control or ownership of AnC that received funds from AnC.
 - c. The scope of the Financial Review may be expanded to any entity or individual under common control or ownership with AnC upon evidence suggesting the misuse or misappropriation of funds.
 - d. AnC agrees to reasonably cooperate with DFR, and any DFR contractor, in completing the Financial Review, including making employees and financial records available in a timely manner upon request from DFR, and any DFR contractor.
 - a. DFR, and any DFR contractor, shall use their best efforts to complete the Financial Review in a timely fashion.
 - e. DFR shall be solely responsible for all of its costs and expenses in completing the Financial Review; including any third party fees. However, if DFR determines that AnC, its employees or members are not reasonably cooperative with DFR, or any DFR contractor, in completing the Financial Review, than AnC and its members shall be solely and jointly liable for all of its costs and expenses in completing the Financial Review; including any third party fees. If DFR determines AnC, its employees or members are not acting in a reasonably cooperative manner, than DFR shall provide AnC with notice to its counsel describing the uncooperative actions and giving AnC an opportunity to cure within three (3) days.

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- f. AnC asserts confidentiality over all financial records and other information disclosed to DFR in connection with the Financial Review pursuant 1 V.S.A. § 317(c)(9) and 8 V.S.A. § 22. DFR and any DFR contractor shall not disclose such materials and information to any third party to the extent possible under law.
- iv. The Memorandum of Understanding entered into by AnC and ACCD remains in full force and effect.
- v. Without limiting AnC's duty to reasonably cooperate with DFR in its continuing review of the Project under the general requirements of the Memorandum of Understanding and the ACCD DFR MOU, AnC agrees to provide DFR the following by March 15, 2015:
 - a. AnC shall supply DFR with the final market study prepared by Frost & Sullivan regarding the marketability of the products and services associated with the Project.
 - b. AnC through its legal counsel shall supply DFR with an explanation of investor funds deposited in and invested through Raymond James accounts, as verbally disclosed to ACCD in a December 19, 2014 meeting and as promised in the letter from William Stenger to ACCD Secretary Patricia Moulton dated January 23, 2015. Such explanations or summaries shall be to DFR's reasonable satisfaction.
 - c. AnC shall supply DFR with all vendor contracts in existence as of the date of this Agreement with whom investor funds have been or will be spent, or if such vendor contracts do not exist, a summary of the services that have been or will be provided by the vendor in connection with the Project, and as applicable invoices reflecting payments.
- vi. Each succeeding Friday following the execution of this Agreement, a representative of AnC shall inform DFR Deputy Commissioner Michael S. Pieciak via email at Michael.Pieciak@state.vt.us of any new investments received by the Project. Such reporting obligations shall cease upon successful completion of the Financial Review.

The State of Vermont Department of Financial Regulation

CONFIDENTIAL BUSINESS AGREEMENT - PRODUCED TO DEPARTMENT, NOT SUBJECT TO PUBLIC DISCLOSURE

Dated: _____

Susan Donegan, Commissioner

AnC Bio VT, LLC

Dated: _____

BY: _____
William Stenger, member

Dated: _____

BY: _____
Ariel Quiros, member

Dated: _____

Individually:

William Stenger
Dated: _____

Ariel Quiros
Dated: _____

Ary Quiros
Dated: _____

From: Donegan, Susan [Susan.Donegan@state.vt.us]
Sent: Friday, March 06, 2015 7:03 AM
To: London, Sarah
CC: Miller, Elizabeth
Subject: Re: Attached Image EXECUTIVE PRIVILEGE

Ok thanks.

Susan L. Donegan, Commissioner
Sent from my iPhone

On Mar 5, 2015, at 22:05, London, Sarah <Sarah.London@state.vt.us> wrote:

Thanks, and Susan, just FYI: at this point the plan on the Anne Galloway PRA request of ACCD is for ACCD to send Anne the 6 or 7 formal letters from ACCD to Bill and co sometime mid-next week. John Kessler will send the letters to Mark Scribner in advance of release advising of their likely disclosure, as per usual. Anne will be narrowing her initial request of ACCD to avoid costs and 1000+ pages of records, but will do that based on the contents of the letters. Nothing will be going out tomorrow.

From: Elizabeth Miller [<mailto:elizabeth.hawkins.miller@gmail.com>]
Sent: Thursday, March 05, 2015 7:46 PM
To: Donegan, Susan
Cc: London, Sarah
Subject: Re: Attached Image EXECUTIVE PRIVILEGE

Agreed on all and thank you. I will not provide a response.

Sent from my iPhone

On Mar 5, 2015, at 7:14 PM, Donegan, Susan <Susan.Donegan@state.vt.us> wrote:

Thanks. We did receive Primmer's response late today which had more changes and objections despite our strong suggestion that we were done negotiating. The cover message from Primmer contained a long message from Bill Stenger (distinguished by color and italics) that was vehement in his insistence that anything short of approving his project would destroy Newport, the Kingdom, the State of VT and its EB 5 program. Delays were cited.

I have a meeting with my team tomorrow morning for us to review the Primmer letter and new draft. In terms of delay, we have been keeping track of the process since we first met with Primmer. I can document that DFR has turned everything around within 24 hours but the project has been dragging its feet at every turn. Point of fact, we were told that we would have an answer to the latest draft/communication we sent last weekend on Monday. Today is Thursday. We have figured that the financial review would have already been completed or close to

completion if cooperation had been timely. None-the-less, we are committed to getting this agreement signed, maybe tomorrow. There are some items that are not negotiable, as you no doubt saw in our final proposed agreement. The more resistance we encounter, the more I have to scratch my head and wonder why we are not getting the type of cooperation Mr. Stenger indicated he was willing to give us. We are not on a witch hunt. DFR is merely conducting the type of financial review that is required for this type of project.

I will let you know what our decisions are tomorrow.

S.

Susan L. Donegan, Commissioner
VT Dept. of Financial Regulation
Sent from my iPad

On Mar 5, 2015, at 18:48, Elizabeth Miller
<elizabeth.hawkins.miller@gmail.com> wrote:

Fyi, I just received the below and have not responded. I am forwarding to my state account because for some reason Bill sent this to my personal account – he has never emailed me before so perhaps he just did not have the right address to use. Regardless, I wanted you to have this as soon as I received it. Let's chat tomorrow.

Sent from my iPhone

Begin forwarded message:

From: Bill Stenger
<bstenger@jaypeakresort.com>
Date: March 5, 2015 at 6:36:26 PM EST
To:
"elizabeth.hawkins.miller@gmail.com"
<elizabeth.hawkins.miller@gmail.com>
Subject: FW: Attached Image

Liz, I wanted you to have this letter. Thank you. Bill Stenger

From: JAYPEAK ADMIN
[<mailto:scanners@raisedjay.com>]
Sent: Thursday, March 05, 2015 6:20 PM
To: Bill Stenger
Subject: Attached Image

<1625_001.pdf>

From: Donegan, Susan [Susan.Donegan@state.vt.us]
Sent: Sunday, March 08, 2015 6:56 PM
To: Miller, Elizabeth
Subject: Re: DRAFT letter to Stenger EXECUTIVE PRIVILEGE

Thanks will review.

Susan L. Donegan, Commissioner
Sent from my iPhone

On Mar 8, 2015, at 17:59, Miller, Elizabeth <Elizabeth.Miller@state.vt.us> wrote:

Looks great - suggestions embedded in all cap just so you can see them. launch at your pleasure. I added more than you may need; I recognize it is your letter so take or leave. Liz

Elizabeth H. Miller
802-522-3090, cell
elizabeth.miller@state.vt.us

On Mar 8, 2015, at 3:53 PM, Donegan, Susan <Susan.Donegan@state.vt.us> wrote:

no pride in authorship on my part...

Draft Letter to Bill Stenger

Dear Bill,

When we spoke last month in my office, I pledged to you that I would communicate directly if any issues arose that we needed to resolve. From our conversation I was very hopeful that not only would we have a signed agreement but that by now, our financial review might have been completed or in a final stage. You indicated full cooperation from your staff, attorneys and yourself. I would like to rely on that offer and ask you to please execute the agreement so that DFR can begin review immediately.

I want to be very clear about the reasons for the financial review and for the other deliverables indicated in the agreement. It is crucial for our regulatory due diligence and the integrity of your project that there is evidence of proper use of proceeds, flow of funds, material disclosures and project management. This necessarily requires that certain transactions, relationships,

contracts and accounts be examined. For example, we need to understand how \$41,500+ million has been spent before any ground has been broken. For example, we need the AMENDED PPM to be accurate and address material items such as the SEC REVIEW and removal of Ary Quieros as a member (which just happened, apparently). For example, we want to have a clear picture of certain relationships and the connection to funds, including all Raymond James accounts. ALL OF THESE ARE DESIGNED TO SHOW US THAT THE PROJECT HAS A SOUND PLAN FOR SUCCESS AND THAT PROPER DISCLOSURES WILL BE MADE TO THE INVESTORS FOR THEM TO DECIDE WHETHER TO PARTICIPATE.

WE ARE COMMITTED TO MAINTAINING VERMONT'S EB-5 REPUTATION THROUGH SUCCESSFUL PROJECTS. Your recent letter to Governor Shumlin described the economic development impact if this project does not go forward as you planned. WE VERY MUCH WANT THIS PROJECT TO BE AMONG THE VERMONT EB-5 SUCCESS STORIES. WE RECOGNIZE THE POSITIVE IMPACT A SUCCESSFUL PROJECT WOULD HAVE IN THE NORTHEAST KINGDOM AND THROUGHOUT OUR STATE. BUT WE CANNOT SIMPLY TURN ASIDE OUR REVIEW. As I told you previously, I am NOT GOING TO APPLY A DIFFERENT STANDARD TO THIS PROJECT THAN TO ANY OTHERS DFR HELPS REVIEW AND APPROVE. All entities that pass through DFR's door in search of a license or application approval go through this type of scrutiny. If DFR RECOMMENDS CONTINUED APPROVAL OF AnC Bio, it will be because the project'S AMENDED PPM AND ASSOCIATED FINANCIAL REVIEW pass muster. That is good for everyone: Jay Peak, the Kingdom, YOUR investors, AND the State.

WHEN WE MET I TOLD YOU THAT DFR WOULD WORK TO REMOVE CONDITIONS THAT ARE PREVENTING THE PROJECT FROM MOVING FORWARD WITH SEEKING ADDITIONAL INVESTORS AND OTHER WORK, SO LONG AS A REASONABLE FINANCIAL REVIEW COULD OCCUR THAT WOULD HELP LEVEL-SET OUR UNDERSTANDING OF THE PROJECT AFTER IT HAS EXPENDED OVER \$40 MILLION IN INVESTOR FUNDS. I BELIEVED THAT PATH WAS REASONABLE WHEN WE MET, AND I CONTINUE TO BELIEVE IT IS REASONABLE TODAY, BUT I AM CONCERNED AT THE RESPONSE WE'VE RECEIVED TO

DATE FROM YOUR TEAM. I know that Primmer asked for a meeting tomorrow but I propose that you and I meet DIRECTLY this week to talk about this situation. I am currently in Washington DC at a banking regulatory meeting. I will be back in my office on Wednesday afternoon. Is it possible for you to come to Montpelier then? I am also free Thursday morning.

Sincerely,

SLD

Susan L. Donegan, Commissioner
VT Dept. of Financial Regulation
Sent from my iPad

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]
Sent: Friday, April 03, 2015 5:38 PM
To: Donegan, Susan
Subject: Re: Update EB-5 EXECUTIVE PRIVILEGE

Tuesday at 11 works for the governor so plan on that. I am around this weekend if you want to talk. I can't believe the project is failing to fully represent the current status. I did read Bill Kelly's email regarding the Friday meeting. While he more or less captured correctly the terms of agreement that we were able to reach during the meeting, the joint press statement thing certainly did not come up while I was there, and as you know we subsequently declined to do any such thing, partly based upon the fact that they were not fully disclosing everything in their own press release from our point of view. Interesting times.

Sent from my iPhone

On Apr 3, 2015, at 3:45 PM, Donegan, Susan <Susan.Donegan@state.vt.us> wrote:

Liz,

A few things:

1. House Commerce has requested that Pat and I appear before them on Tuesday at 9.30 to discuss Jay Peak.
2. I had a meeting scheduled with Senator Leahy's staff in DC on April 22 (insurance issues). They have indicated to me that Senator Leahy wishes to talk to me then regarding EB-5.
3. We sent the first batch of a public records to Anne Galloway today. The documents were a small group of correspondence between DFR (mainly me) and Jay Peak relating to the decision to give clearance to the AnC Bio PPM and require escrow. One of the emails from Bill Kelly to me refers to the meeting in the Governor's office last Friday and names those in attendance. The next batch of documents we will provide will be a much broader group --- showing the back-and-forth between Primmer and our office over the PPM including the delays from them and the unwillingness to sign the letter Agreement for the financial review. I am going to inform Bill Kelly that we are completing a public records request.
4. I am sure you have heard that there is some kind of media event at Jay on Monday for a select group of reporters. I have few details. Most of the reporters know that there are restrictions on AnC Bio's use of new funds. Just got off the phone with the Free Press (Dan D), who asked me "how come Stenger is not talking about the escrow situation, isn't that important for potential investors to know?"
5. I also reminded Mr. Kelly in an email last night, that QBurke was not approved and that dissemination of that PPM was not permitted. I told him that our review had not concluded. He replied that he understood.
6. We received language for an escrow agreement today for AnC Bio and are reviewing it.
7. I am holding Tuesday at 11.00 for a meeting. If that is not going to work, please let me know as VPR has me scheduled a little before noon session with Jane

Lindholm (talking about insurance liability for 'the sharing economy') – I will change that interview if we are going to meet.

8.

Best,
Susan

Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation
89 Main Street
Montpelier, Vermont 05620
USA
(+1) 802-828-3301
susan.donegan@state.vt.us

From: Donegan, Susan [Susan.Donegan@state.vt.us]
Sent: Monday, April 06, 2015 10:44 AM
To: Miller, Elizabeth; Moulton, Pat; London, Sarah
Subject: RE: EB-5 media --- EXECUTIVE PRIVILEGE

Understood.

From: Miller, Elizabeth
Sent: Monday, April 6, 2015 10:37 AM
To: Moulton, Pat; Donegan, Susan; London, Sarah
Subject: RE: EB-5 media --- EXECUTIVE PRIVILEGE

Thanks all – Susan, given that our story is out there accurately and fine, I'd be pretty circumspect about saying more – as you say, stick with the talking points and in particular the “this will apply to all projects going forward” and “Im not going to discuss the specifics of any project under review” – who knows what Stenger et al says to the media today and I don't want you put in a blind role of responding to reporters today without the benefit of knowing that. So lay as low as you can, I'd say. Liz

From: Moulton, Pat
Sent: Monday, April 06, 2015 9:43 AM
To: Donegan, Susan; Miller, Elizabeth; London, Sarah
Subject: RE: EB-5 media --- EXECUTIVE PRIVILEGE

All I know about today is Bill has invited WCAX, VPR, Burl. Free Press and local press to come to Jay Peak for one on one interviews, not a press conference. The interviews are with Sullivan-Frost who did their market study, and that Ike and Jake Lee (no relationship) would be there. The topic is the products they will be manufacturing. Bill said he did not want to do a press conference “due to the technical nature of the discussion and the technical nature of the products.”

I have a call from Emerson Lynn, not sure if it is about this topic. I have not received other calls.
Pat

Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Donegan, Susan
Sent: Monday, April 06, 2015 9:18 AM
To: Miller, Elizabeth; London, Sarah; Moulton, Pat
Subject: EB-5 media --- EXECUTIVE PRIVILEGE

Good morning:

From: Moulton, Pat [Pat.Moulton@state.vt.us]
Sent: Monday, April 06, 2015 9:43 AM
To: Donegan, Susan; Miller, Elizabeth; London, Sarah
Subject: RE: EB-5 media --- EXECUTIVE PRIVILEGE

All I know about today is Bill has invited WCAX, VPR, Burl. Free Press and local press to come to Jay Peak for one on one interviews, not a press conference. The interviews are with Sullivan-Frost who did their market study, and that Ike and Jake Lee (no relationship) would be there. The topic is the products they will be manufacturing. Bill said he did not want to do a press conference "due to the technical nature of the discussion and the technical nature of the products."

I have a call from Emerson Lynn, not sure if it is about this topic. I have not received other calls.
Pat

Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Donegan, Susan
Sent: Monday, April 06, 2015 9:18 AM
To: Miller, Elizabeth; London, Sarah; Moulton, Pat
Subject: EB-5 media --- EXECUTIVE PRIVILEGE

Good morning:

I have been getting calls already from media today who are on their way up to Jay Peak for that press conference event they are holding. I have no real details other than what press have told me. My Info Mgmt Officer said that WCAX and others are asking for appointments with me this afternoon to talk about what DFR's role is in EB-5. I will continue with the same talking points.

Media beyond Vermont are also calling – a reporter from BEN (business environment network) is asking to talk as well as other financial and business outlets. Vermont AP's story (which correctly quoted me about escrow and financial review) has been picked up and we are seeing blurbs running in various papers around the country -- Tacoma News Tribune, for example.

Susan

Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation
89 Main Street
Montpelier, Vermont 05620
USA
(+1) 802-828-3301
susan.donegan@state.vt.us

From: Kessler, John [John.Kessler@state.vt.us]
Sent: Thursday, April 09, 2015 11:19 AM
To: Humbert, Jacob
CC: London, Sarah
Subject: FW: Public records request regarding AnC Bio Vermont, Jay Peak projects

Jacob

I have an attorney-client question.

Forwarded below is the latest public records request from Anne Galloway of VTDigger on EB5 projects. I intend to call Anne to see if we can better define the scope of records she is looking for – hopefully narrow it down as well. However, regardless of the scope, I expect there will be correspondence between ACCD and DFR with attorneys on both ends, or with an attorney on one end but not the other. I'd like to be sure I'm asserting attorney-client privilege consistently with the positions taken by the AG's Office in similar circumstances.

Here are the examples where the question of attorney-client privilege will arise and what I believe to be the answers:

1. ACCD General Counsel to/from DFR General Counsel – **Yes**, if for purpose of advising state agencies, officials, and their staff
2. ACCD GC to DFR staff – **No**, unless providing advice, or DFR GC asked ACCD staff for purpose of advising
3. DFR staff to ACCD GC – **No**, unless seeking advice, or ACCD GC asked DFR staff for purpose of advising
4. DFR GC to ACCD staff – **No**, unless providing advice, or DFR GC asked ACCD staff for purpose of advising
5. ACCD GC to DFR staff who are attorneys, but not in an attorney position – **No**, unless same as #2
6. ACCD to DFR Commissioner/DFR GC to ACCD Secretary – **Yes**, if same as #1

I've printed a recent Law Review article on the attorney-client privilege in the government setting and will look there for some additional guidance to what I know already. But please consider the above examples and give me a call.

Thanks!

JK

John W. Kessler
General Counsel
Agency of Commerce and Community Development
National Life Bldg., 6th Floor
Montpelier, VT 05620
(802) 828-5202
[Parking at National Life](#)

From: Anne Galloway [mailto:agalloway@vtdigger.org]
Sent: Thursday, April 09, 2015 6:05 AM
To: Donegan, Susan; Moulton, Pat
Cc: Schaft, Dale; Kessler, John
Subject: Public records request regarding AnC Bio Vermont, Jay Peak projects

Dear Susan Donegan and Pat Moulton:

Pursuant to Vermont's Public Records Act, I am requesting information about Jay Peak, AnC Bio Vermont and Q Burke projects.

Specifically, I am requesting communication, including attachments, from 12/1/14 to the present between and among:

Susan Donegan, commissioner of DFR
Employees of the securities division of DFR
Pat Moulton, commissioner of ACCD
Brent Raymond, Vermont Regional EB-5 Center director
John Kessler, general counsel
Bill Kelly, counsel for Ariel Quiros
Ariel Quiros, developer of Jay Peak and AnC Bio Vermont
Bill Stenger, developer of Jay Peak and AnC Bio Vermont
Attorneys for the developers of Jay Peak and AnC Bio Vermont

Any other individual, whether a public or elected official or a private citizen, who has corresponded with any of the above listed individuals regarding the Jay Peak, AnC Bio Vermont and Q Burke projects.

Because this request is in the public interest, I request that you waive any fees for filling it. If fees are assessed, please notify me before proceeding. If, after that conversation, fees are charged, please provide a detailed receipt explaining the purpose of each fee charged.

If some of this material will take longer to provide than other portions, please provide any segments of the requested information as soon as it is available. If this information is available in electronic format, please provide it in that manner. If any or all of the information can be provided by email, please do so.

Please let me know if you have any questions about this request. I would appreciate receiving those questions by today via email. I trust you will respond to my request for the records within the timeframe set out in the Public Records Act.

Should you deny access to any of the records I am requesting, please provide me with a list of those records ("Vaughn index") indicating the specific exemption that applies to each record or portion of the record being withheld. If a record has a portion that is exempt from disclosure, the law [1 VSA 318 (e)] requires that only the exempt portion be redacted, and that a copy of the rest of the document be released, together with a notation of the specific exemption that applies to the portion withheld. In that event, please also indicate the name and title of the person responsible for the denial and, as the law requires,

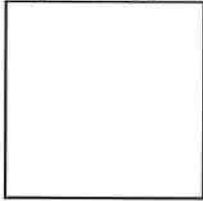
please inform me of the appeal procedures available to me, and the name of the person to whom appeal may be made.

Thank you for your assistance.

Anne Galloway, editor of VTDigger

--

Anne Galloway
Editor, VTDigger.org
Executive Director, Vermont Journalism Trust
97 State St., Montpelier, VT 05602
cell 802-595-9159
office 802-225-6224
@GallowayVTD
<http://vtdigger.org>





**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
MIAMI REGIONAL OFFICE
SUITE 1800
801 BRICKELL AVENUE
MIAMI, FLORIDA 33131
Phone: (305) 982-6300
Facsimile: (305) 536-4146
Author's Direct Dial: (305) 982-6352**

November 21, 2013

SENT VIA UNITED PARCEL SERVICE

Berkowitz, Pollack Brant Advisors and Accountants, LLP
515 E. Las Olas Blvd.
Ft. Lauderdale, FL 33301
Attn: Richard A. Berkowitz, CEO

RE: Jay Peak, Inc. (FL-03815)

Dear Mr. Berkowitz:

The staff of the Securities and Exchange Commission ("Commission") is conducting an investigation in the matter identified above. The enclosed subpoena has been issued to Berkowitz, Pollack Brant Advisors and Accountants, LLP ("Berkowitz, Pollack") as part of this investigation. The subpoena requires it to produce documents.

Please read the subpoena and this letter carefully. This letter answers some questions Berkowitz, Pollack may have about the subpoena. Berkowitz, Pollack should also read the enclosed SEC Form 1662. Berkowitz, Pollack must comply with the subpoena. Berkowitz, Pollack may be subject to a fine and/or imprisonment if it does not.

Producing Documents

What materials do I have to produce?

The subpoena requires Berkowitz, Pollack to give us the documents described in the attachment to the subpoena. Berkowitz, Pollack must provide these documents by Tuesday, June 11, 2013. The attachment to the subpoena defines some terms (such as "document") before listing what Berkowitz, Pollack must provide. It also provides instructions for complying with the subpoena.

Please note that if copies of a document differ in any way, they are considered separate documents and Berkowitz, Pollack must send each one. For example, if Berkowitz, Pollack has two copies of the same letter, but only one of them has handwritten notes on it, Berkowitz, Pollack must send both the clean copy and the one with notes.

If Berkowitz, Pollack prefers, it may send us photocopies of the originals. The Commission cannot reimburse Berkowitz, Pollack for the copying costs. The copies must be identical to the originals, including even faint marks or print. If Berkowitz, Pollack chooses to

From: Donegan, Susan [Susan.Donegan@state.vt.us]

Sent: Saturday, April 11, 2015 10:31 PM

To: Miller, Elizabeth; London, Sarah

Subject: EB-5 Jay Peak Discussion Document -- EXEC PRIV, ATT-CLIENT PRIV,
CONFIDENTIAL

Attachments: Justification%20for%20Hold%20AnC%20Bio%20PPM.doc

Follow Up Flag: Flag for follow up

Flag Status: Flagged

Dear Liz and Sarah,

Attached please find a discussion document for our meeting on Monday. This document presents several examples of potential violations against AnC Bio that support my decision to halt any further raising of investor funds (adding the restriction to the \$50,000 application fee) while DFR completes its review. There are no scenarios attributed to Q Burke in the discussion memo since Bill Kelly repeatedly communicated to me (as recently as Friday) that there is no interest from QBurke to escrow monies. Therefore, any restrictions that are going to remain in place for QBurke stem from the lack of cooperation from that project. I am not going to use the MOU's as a basis for any restrictions (or cancelling them) since we agree they are weak documents. My suggestion is that we accept QBurke's refusal to escrow money as a basis for not letting that project go forward and also indicate that AnC Bio is now required to escrow the \$50k application fees along with the \$500k since we have new concerns about that project based on our preliminary review. My goal is to buy time so that DFR can continue its review/investigation and hopefully take advantage of any federal strategy that might emerge.

I have not attached the exhibits to this discussion memo but will bring them with me to our meeting. I thought the memo itself would be a good beginning to explain the types and severity of potential violations we are seeing.

Thanks,

Susan

Susan L. Donegan, Esq.

Commissioner

VT Department of Financial Regulation

802-828-3301

susan.donegan@state.vt.us

CONFIDENTIAL, EXECUTIVE AND ATTORNEY-CLIENT PRIVILEGE

DISCUSSION DOCUMENT

Susan L. Donegan, Commissioner

Vermont Department of Financial Regulation (DFR)

Date: April 11, 201

This discussion document (in anticipation of enforcement, litigation and/or administrative actions) raises examples of potential violations of Vermont securities law in connection with certain EB-5 transactions related to Jay Peak, AnC Bio and Q Burke projects (collectively known as "Jay Peak") currently under financial review and securities investigation by DFR. Evidence points to possible violations under Title 9 of Vermont Statutes Annotated, Vermont Uniform Securities Act (VUSA), including, but not limited to, securities registration and exemption non-compliance, fraud with particularity including material misstatements and omissions, actual conflicts of interest, self-dealing, unjust enrichment, misuse of investor funds, breach of fiduciary duty, breach of contract and tax liability. The principals would be liable for direct liability with other parties subject to liability for aiding and abetting in the advancement of

Potential consequences for violations of law include restitution, rescission, disgorgement, fines/penalties (\$ per), costs, assets frozen, injunctive relief, receivership/conservatorship and other relief requested by the commissioner. Actions may be brought administratively under the Vermont Administrative Procedures Act or in Washington County Superior Court.

The examples in this document are indicative of the type and severity of violations being uncovered by DFR in their analysis of Jay Peak EB-5 properties and projects. Although DFR is in the early stages of its investigation, it has identified accounting irregularities, contractual inconsistencies and significant conflicts of interest that point to potential violations of law.

The following four examples illustrate scenarios relating to Jay Peak Bio Medical Research Park, L.P. (AnC Bio) that DFR has uncovered supporting the decision to halt placing any new investor funds (\$500,000 plus \$50,000 application fee) at risk until it completes the financial review of that project.

1) Relationship of Jay Construction Management, Inc. and Ariel I. Quiros

The Amended and Restated Private Placement Memorandum states that Jay Peak Bio Medical Research Park, L. P. (the "Limited Partnership") entered into a Design, Procurement and Construction Management Services Agreement dated as of March 15, 2013 with Jay

Construction Management, Inc. ("JCM"), a Vermont corporation owned by Q-Resorts, Inc. (itself a Vermont corporation owned by Ariel Quiros). The agreement designates JCM as an agent of AnC Bio GP Services, LLC (the "General Partner") (the general partner of the Limited Partner whose members consist of Bill Stenger and Ariel Quiros), on behalf of the Limited Partnership, responsible for procuring equipment, intellectual property, licenses, industrial engineering, design/build and other goods and services integral to the project. According to the agreement, JCM is to receive \$52,100,000 from the Limited Partnership over the course of the project in order to fulfill this role.

In 2015, Primmer (the project's Vermont law firm) provided the Department with a financial summary ("Financial Summary") highlighting the flow of monies thus far in connection with the AnC Bio Project. The Financial Summary indicates that the Limited Partnership raised \$73,500,000 from 147 foreign investors, with \$7,000,000 still in escrow. Of the \$66,500,000, accessible to the LP, \$47,000,000 has been transferred to JCM. Further, the Financial Summary indicates that out of \$46,989,691 received by JCM thus far to procure intellectual property and equipment and pay architectural fees, \$25,926,887 has been spent for these purposes and the outstanding \$21,062,804 remains unspent in an unidentified JCM account. (See Exhibit A). Pursuant to the Amended PPM, JCM is still due to receive \$4,700,000 from the LP.

The lack of documentation between JCM and AnC Bio Pharm is a concern to the Department. JCM's equipment procurements from AnC Bio Pharm alone totaled \$40,000,000; however, counsel to the Project Principals were unable to produce a contract between JCM and AnC Bio Pharm, or any other project entity, for the equipment procurement. The only documentation produced by counsel to the Project Principals is a barebones Proforma Invoice between AnC Bio Pharm and AnC Bio Vt, LLC indicating \$40,000,000 will be paid to AnC Bio Pharm for certain equipment. (See Exhibit B). Further, counsel to the Project Principals has been unable to provide a reason for JCM's involvement in the \$40,000,000 equipment procurement.

JCM's critical role as an intermediary between the Limited Partnership and project contractors, its access to considerable investor funds, and its status as a related party makes it an entity of particular interest to the Department. David Gordon, the attorney hired by Ariel Quiros to represent him before the U.S. Securities & Exchange Commission, seems to understand the state's concern regarding this final point when he insisted in a November 2014 letter to the Vermont Agency of Commerce and Community Development that "JCM was not a related party when the vast majority of money to it was paid. However, JCM became a related party in or about February 2014" (See Exhibit C). The implication of this statement is that Quiros' ownership of JCM (the company that touches over 78% of project money) should not concern state regulators because it did not commence until after most of the money was paid to JCM.

However, documents provided to the Department from the brokerage firm Raymond James (where margin accounts were opened by all Jay Peak projects) demonstrate that this statement is a misrepresentation. In August 2011, former JCM President Jong Weon Choi appointed Ariel Quiros as Power of Attorney for Jay Construction Management, giving Quiros full control over the company's finances. (See Exhibit D). Not only was this relationship disclosed to neither investors nor the Department in the project's initial Private Placement Memorandum but the letter from the Limited Partnership's representation suggests the LP made efforts to conceal it.

2) Inconsistency Regarding Payments to Procure Equipment from AnC Bio Pharm

The Financial Summary indicates that JCM has spent approximately \$14,500,000 out of a total of \$40,000,000 to procure equipment from AnC Bio Pharm. The Department has received conflicting reasons for the partial payment to AnC Bio Pharm.

In a November 24, 2014 letter, David Gordon explains the partial payment is due to "delays in equipment purchases by AnC Bio Pharm, [therefore] JCM has elected to hold back payments due to AnC Bio Pharm temporarily." (See Exhibit C).

Contrast that to the March 11, 2015 document entitled "Legal and Business Rationales for Expenditures to Date" from Primmer to the Department that provides the following explanation for the partial payment "[t]he specialized nature of much of the equipment that would outfit the new facility mandated prepayment of substantial deposits before the designer and manufacturer of equipment would begin their work." (See Exhibit E).

Last, the explanations from the two law firms are inconsistent with the Proforma Invoice from AnC Bio Pharm to Ariel Quiros / AnC Bio VT LLC regarding the \$40,000,000 in equipment. The Proforma Invoice provides that for eighteen months beginning in April 2013 the Project shall pay \$1,000,000 per month as deposits upon equipment to be ordered. Accordingly, under the Proforma Invoice, \$9,000,000 should have been paid to AnC Bio Pharm with an additional \$9,000,000 paid to AnC Bio Pharm in 2014. However, the Financial Summary indicates that only \$500,000 was paid to AnC Bio Pharm in 2013, but over \$14,000,000 was paid to AnC Bio Pharm in 2014. Accordingly, the parties actions are not consistent with the terms of their agreement and the explanations provided are in conflict, both with each other and with the actions of the entities.

Again, it is concerning that no formal contract was produced between AnC Bio Pharm and JCM, or any other entity, regarding the \$40,000,000 of equipment that might shed light on the entities conflicting statements and actions. Further, Attorney Gordon has not provided any further explanation regarding the equipment delay since his November 24, 2014 letter, if Attorney Gordon's statements are correct, what is the current status of the equipment procurement, if Primmer is correct regarding the \$14,500,000 as a down payment, than what

is the delivery time table. These questions remain unanswered while JCM controls approximately \$21,000,000 of investor/project money allocated to equipment procurement.

3) Payments made to North East Contract Services, LLC

The General Partner, the Project Sponsor and North East Contract Services, LLC (“NECS”) entered into an Agreement calling for NECS to procure and supervise certain construction contracts (the “Agreement”). The sole member of NECS is Bill Kelly. Under the Agreement, NECS is entitled to twenty percent (20%) of the value of the contracts procured as a fee for service and reimbursement of expenses (“NECS Compensation”). Under the Agreement, NECS Compensation is to be paid on a “schedule that will coincide with the payments made to all contracted . . . suppliers of products and services. . . “ (**See Exhibit F**).

The November 30, 2012 Business Plan indicates approximately \$63,000,000 of contracts were needed to be procured to construct the AnC Project Facility. Therefore, NECS is entitled to approximately \$9,500,000 in supervision fees (representing 15% of the total of contracts procured) and approximately \$3,100,000 in expense reimbursement (representing 5% of the total of contracts procured) (**See Exhibit G**). Accordingly, NECS was entitled to approximately \$12,600,000 in fees and expenses, which under the Agreement, payments to NECS were to coincide with payments made to contracted suppliers of products and services.

The Financial Summary indicates that approximately \$900,000 has been paid to Peak CM for construction and \$14,500,000 has been paid to AnC Bio Pharm for fit out/equipment. (**See Exhibit A**). Accordingly, \$15,400,000 out of a total of \$63,000,000 has been spent under construction and fit out/equipment constructs. In other words approximately 24.4% of construction related expenses have been paid. Regarding NECS’s payments, the Financial Summary indicates NECS has been paid \$7,900,000 out of an approximate total of \$12,600,000. In other words, NECS has been paid 62.7% of its fees although only 24.4% of payments have been made under contracts it is supervising. This represents an overpayment of approximately \$4,800,000 to NESC.

Further, Primmer provided the Department a document entitled “Legal and Business Rationales for Expenditures to Date” that inaccurately provided “approximately \$7.9MM out of \$12.6MM budgeted and disclosed to investors has been paid to [NECS] *pursuant to the terms of the offering documents and the underlying contractual agreements*” (emphasis added) (**See Exhibit E**).

Further, the November 30, 2012 Private Placement Memorandum did not disclose that NECS had been contracted for construction supervision or was the relationship between Bill Kelly and the Project Principals disclosed.

Finally, it is unexplained as to why the NECS Compensation included the \$40,000,000 equipment procurement, while such equipment is actually being procured by JCM.

4) 172 Bognor Road Real Estate Transaction

The Department has a number of concerns with the real estate transaction between the Limited Partner and GSI of Dade County, Inc. (“GSI”).

i) Lack of Disclosure Regarding Actual Conflicts of Interest

The real estate sale of 172 Bognor Drive from GSI to the Limited Partnership had an inherent conflict of interest. The General Partner is a limited liability company with two members (i) Bill Stenger and Ariel Quiros, while GSI has one shareholder – Ariel Quiros. Accordingly, Ariel Quiros was negotiating with himself on the land transaction and this fact was not adequately disclosed in the November 30, 2012 Private Placement Memorandum to investors.

ii) Unsubstantiated Sale Price

GSI purchased 25 acres at 172 Bognor Drive in September 2011 for \$3,150,000. In December 2012, GSI sold 7 of those acres to the Limited Partner for \$6,000,000. The Private Placement Memorandum did not contain any justification for a \$6,000,000 valuation. The Project Principals subsequently had the 7 acres appraised. (See Exhibit H). However, the appraisal does not support the valuation of \$6,000,000 at the time of the sale to the Limited Partner; instead, the appraisal states that the property will be worth at least \$6,000,000 *after* the \$30,000,000 of improvements to the property are complete.

iii) Failure to Pass Title

Although the purchase and sale agreement is dated December 12, 2012 and two payments of \$3,000,000 each were sent on December 12, 2012 and April 9, 2013 respectively, (See Exhibit I) title to the 7 acres at 172 Bognor Drive has not passed from GSI of Dade County, Inc. to the Limited Partnership. (See Exhibit J). The Project Principals have not provided an explanation for the failure of GSI of Dade County, Inc. to pass title despite its receipt of the full purchase price. This also raises tax liability questions for Vermont land transfer gains.

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]
Sent: Sunday, April 26, 2015 10:54 AM
To: Donegan, Susan; London, Sarah
Subject: conf exec priv and A/C priv
Attachments: QBurke draft letter (Donegan)LIZ.doc.docx; ATT00001.txt

Hi susan - I took a significant editing stab at it based upon our convo yesterday - hope this helps. Take a look and let's keep going...Liz

Dear Mr. Kelly,

Thank you and Mr. Stenger for your recent letter and for meeting again to discuss the status of the QBurke project, its ongoing construction, and plans to complete the project by the end of the year. I appreciate your willingness to discuss various options relating to QBurke's plan to raise additional investor funds, in a manner that allows the project to continue construction while protecting new investors during the pendency of our financial review of the project now underway. The main issue we have been examining is how to provide protection forestablish a "hold" on spending new investor funds, similar to the escrow requirement placed on AnC Bio, until DFR completes a financial review and approves the project. As you have explained, unlike AnC Bio, QBurke is approximately 40% completed so a need exists to access new investor funds to support continued construction.

Among the possible solutions discussed, it was suggested by you have offered that during the review"hold" period, new investor money would be released only for bona fide payments for -direct construction costs reflected in the certifications of payment, remaining payments to the the project architect, and- documented payments for furnishings, fixtures, and equipment reflected in the project plan. to purchase fixtures [?]. No other payments including fees to the Developers (Mssrs. Stenger, Airel and Ary Quiros, Kelly) that would otherwise be paid as the project completion milestones are reached, you and [others] would occur. You further pointed out that this solution should be acceptable because it would ensure that project funds are used to complete the essential asset of the project - the mountain resort complex - and the Developers were carrying the risk regarding new investor funds until the time any individual 526 approval is obtained from the federal government of the project [need language].

I appreciate these suggestions and agree we should implement them. However, Since I remain concerned that a greater level of protection for new investors and the State of Vermont is needed in the period during our financial review. Therefore, I propose that DFR allow you to proceed to raise new investor funds and use them for the limited purposes described above required, I have considered your suggestion and concluded that DFR is willing to let you proceed under the following conditions/circumstances:

1. An amended Private Placement Memorandum (PPM) is completed and cleared for use by DFR. I appreciate that you accepted a number of our disclosure requests in your recent letter. We can further discuss which open items of the previous list I provided are still advisable, but the disclosure of DFR's financial review should be added.

2. Until DFR completes a financial review to its satisfaction, QBurke will be restricted to applying new investor funds to bona fide expenses directly associated with a) construction; b) architect fees; and c) purchase of furnishings, fixtures, and equipment, as described above. Any other payments related to QBurke purchases shall be made with non-investor money. The Developers will hold back payments to themselves otherwise owed under the project documents and business plan.

3. In order to assure that investor funds are used in the manner described above, DFR will engage the services of a third-party EB-5 consultant to review monthly certifications of payment and associated documentation regarding allowable expenses ~~receive regular reports~~ and to monitor the receipt and use flow of investor funds to and certify to DFR that the terms of the review period are being met ~~“hold” period is met~~. QBurke will agree to cooperate fully with the consultants including, but not limited to, allowing site visits and providing access to financial account statements and staff. Pursuant to the QBurke MOU, the project will assume the costs of the consultant to be paid and be paid from the portion of funds/fees that would otherwise be owed to have been paid to the Developers. Any investor money not utilized for approved expenses during the review period, including that portion of funds attributable to Developer payments withheld during the pendency of the review, shall be placed in an FDIC insured account (not a brokerage account) All remaining investor money shall remain in an insured account (not a brokerage firm account) until such time that DFR finishes its financial review and approves the project or USCIS requires individual investor money to be “at risk:” after issuance of a 526 approval.

[note: I do not have the MOU in front of me, but I recall that there was a provision that the State could hire other professionals at the expense/bill back of the project – need to check that out.]

4. I DO NOT BELIEVE THEY WILL AGREE THAT THIS APPLIES TO ANY INVESTOR REQUEST TO REFUND – THAT PRESENTLY ISN’T REQUIRED AND THERE COULD BE MANY REASONS AN INVESTOR MIGHT ASK FOR MONEY BACK – HAVE REWRITTEN TO TIE IT TO OUR REVIEW...: In the event that DFR’s financial review causes investors obtained during the period of review to be entitled to a return of investor funds, ~~a QBurke investor requests or is entitled to a refund,~~ the Developers will not satisfy that return of funds through the use of other investor funds ~~use non-investor money to satisfy the claim.~~ *[note: something about hold the State harmless, again, there is some language like this in the MOU so we probably want to reference that document despite its obvious weaknesses.]*

Closing language re: difficult to balance need of already-underway project with several investors already obtained and significant construction completed with the need identified by the State to conduct additional review of this and other projects to promote adequate disclosures and review of finances in conformity with project

documents and legal requirements. Appreciate willingness to work with us. Take this very seriously etc. etc.

Elizabeth H. Miller
802-522-3090, cell
elizabeth.miller@state.vt.us

From: Springer, Darren [Darren.Springer@vermont.gov]
Sent: Tuesday, November 24, 2015 12:37 PM
To: London, Sarah
Subject: Fwd: Draft letter to Stenger -- ATTY CLIENT AND EXEC PRIV
Attachments: Stenger letter 11.24.15 ATTY CLIENT EXEC PRIV Draft DFR.docx; ATT00001.htm

Tone aside substance appears good.

We should add a line asking Stenger to reach out to Susan's assistant to schedule meeting.

Sent from my iPhone

Begin forwarded message:

From: "Donegan, Susan" <Susan.Donegan@vermont.gov>
Date: November 24, 2015 at 12:26:52 PM EST
To: "London, Sarah" <Sarah.London@vermont.gov>, "Springer, Darren" <Darren.Springer@vermont.gov>, "Moulton, Pat" <Pat.Moulton@vermont.gov>
Cc: "Cassetty, Dave" <Dave.Cassetty@vermont.gov>, "Griffin, Bill" <bill.griffin@vermont.gov>
Subject: Draft letter to Stenger -- ATTY CLIENT AND EXEC PRIV

Dear All,

Attached is a draft of a letter to go to Stenger later today setting up the possibility of a discussion about future payments beyond the July 13, 2015 letter.

Please make changes as you see fit.

The other letter from Cassetty to Gordon is still being assembled since there is quite of list of documents to itemize.

Thanks,

S.

Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation
89 Main Street
Montpelier, Vermont 05620
USA
(+1) 802-828-3301
susan.donegan@vermont.gov

NOTE: new email address is susan.donegan@vermont.gov

DRAFT --- ATTY CLIENT AND EXEC PRIV

DFR letterhead

Dear Mr. Stenger,

Pursuant to Secretary Mouton's email reply to you on November 23, 2015, I am writing to respond to your question regarding the possibility of the release of QWBurke investor funds to pay for certain equipment and other items relating to operations.

As you are well aware, Jay Peak's EB-5/SEC lawyer, David Gordon has been communicating with DFR's General Counsel, David Cassetty, concerning the production of financial documents in connection with DFR's financial review of Jay Peak EB-5 projects. While DFR has received some documents for AnC Bio and QBurke responsive to our request, Mr. Gordon will receive a letter from Mr. Cassetty today identifying the documents that are still outstanding. I trust that Mr. Gordon will speak to you about those items.

I would like to propose that a meeting be scheduled in the next week or so to begin a conversation concerning QBurke's progress. This will be an opportunity for you to identify and explain the aspects of the project that remain to be completed. Information such as potential reserved rooms, banked income and investor funds and personnel needs will be useful. The information is best understood when it is based on actual data not simply projections. I consider this meeting to be an initial conversation and certainly, until the financial documents are produced to and reviewed by DFR, there will be no decision about the release of additional funds beyond the July 13, 2015 letter. Both David Cassetty and Bill Griffin from the Attorney General's office would attend the meeting.

Sincerely,

Susan L. Donegan

Commissioner

From: London, Sarah [Sarah.London@vermont.gov]

Sent: Monday, December 07, 2015 9:37 PM

To: Springer, Darren

Subject: FW: Attorney client privilege

Attachments: Untitled; Untitled

FYI – I was only able to open these on real computer. Essentially: Brent warning Pat and John of recent (Dec 7) SEC complaint filed in CA against immigration attorneys Brent was familiar with, says they were involved with AnC investors. The complaint says the attorneys acted as unlicensed brokers and defrauded clients by not revealing commissions they were receiving. Complaint does not mention Vermont or AnC (or any particular EB-5 project as far as I can tell).

Complaint:

<https://www.sec.gov/litigation/complaints/2015/comp23420.pdf>

SEC Charges New York-Based Immigration Lawyer and His Law Firm with Defrauding Immigrant Investors and Acting as Unregistered Brokers

The SEC alleges that Hui Feng and his firm, Law Offices of Feng & Associates P.C., acted as unregistered brokers by selling EB-5 investments to over 100 foreign investors, who were also their legal clients, and that they, directly or indirectly, received over \$1.1 million in commissions in connection with these sales and are contractually entitled to at least an additional \$3.1 million in commissions. The complaint also alleges that Feng and his firm defrauded their investor clients by failing to disclose their receipt of commissions on the investments in breach of their fiduciary and legal duties to their clients, and that they also defrauded some of the entities offering the EB-5 investments.

According to the SEC's complaint filed in the U.S. District Court for the Central District of California, since 2010, Feng and his firm have promoted EB-5 investments to potential investors and immigration law clients, many of whom were located in China. In 2013, Feng opened four offices in China that were each staffed with an employee who was instructed to promote the Feng & Associates website, which was primarily focused on the EB-5 investment program. The investors entered into retainer agreements with Feng & Associates, agreeing to pay a legal fee of between \$10,000 and \$15,000 for legal work associated with a petition for residency under the EB-5 program. The clients made investments in EB-5 securities, which were offered pursuant to exemptions from the registration requirements of the U.S. securities laws, of either \$1 million or \$500,000 and expected to receive a return on their investments. The complaint alleges that in addition to receiving legal fees, Feng and his firm also received undisclosed commissions from the entities whose EB-5 offerings they sold. According to the complaint, when some of the entities selling EB-5 investments began to refuse to pay commissions to U.S.-based persons as part of an apparent effort to avoid running afoul of the broker registration requirements contained in the federal securities laws, Feng and his firm used Feng's overseas relatives as nominees to fraudulently receive commissions on their behalf.

The SEC's complaint charges Feng and Feng & Associates with violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5. They are also charged with violating Section 15(a) of the Exchange Act, the broker-dealer registration provision. The SEC's complaint seeks disgorgement, prejudgment interest, and penalties, along with permanent injunctions. The SEC's investigation was conducted by Megan Bergstrom and supervised by

Spencer Bendell. The litigation will be led by Donald Searles. The SEC appreciates the assistance of the USCIS.

From: Moulton, Pat

Sent: Monday, December 07, 2015 4:38 PM

To: Cassetty, Dave; Pieciak, Michael; Donegan, Susan; London, Sarah; Griffin, Bill; Young, Susanne

Cc: Kessler, John

Subject: Attorney client privilege

Subject to attorney client privilege:

Good afternoon,

The text captured in the photos attached came to me this afternoon from Brent Raymond, former Director of EB5 for the state. He is providing a "heads up" which I appreciated. Emily and James from DFR were here meeting with Gene so I shared with them. But I wanted to be sure you saw this. I do not know how relevant this is but I thought you should be aware.

Pat

From: Moulton, Pat [Pat.Moulton@vermont.gov]
Sent: Monday, December 07, 2015 4:30 PM
To: Moulton, Pat
Subject:



Patricia Moulton, Secretary
Agency of Commerce & Community Development
One National Life Drive
Dean C. Davis building, 6th Floor
Montpelier, Vermont 05620-0501
802-451-9578
Sent from my iPhone

From: Moulton, Pat [Pat.Moulton@vermont.gov]
Sent: Monday, December 07, 2015 4:30 PM
To: Moulton, Pat
Subject:



Patricia Moulton, Secretary
Agency of Commerce & Community Development
One National Life Drive
Dean C. Davis building, 6th Floor
Montpelier, Vermont 05620-0501
802-451-9578
Sent from my iPhone

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Friday, April 08, 2016 4:53 PM
To: EXE
Subject: FW: Jay Peak Litigation Hold Notice
Attachments: 2015 10 9 Jay Peak Litigation Hold.pdf; ATT00001.htm

All, this is a friendly reminder about attached litigation hold notice from the Attorney General's Office. Please see attached. As always, happy to discuss if you have any questions. Thanks,
Sarah

From: London, Sarah
Sent: Friday, October 09, 2015 5:03 PM
To: EXE <EXE@vermont.gov>
Subject: Fwd: Jay Peak Litigation Hold Notice

All, this is a litigation hold notice from the Attorney General's Office regarding Jay Peak EB-5 records. This applies to everyone in the office, though I expect the vast majority of records described in this memo will be with senior staff. If you have correspondence with the people listed in this memo or substantive correspondence about the topics listed in this memo that do not involve senior staff, please save them in a separate folder. Senior staff: please segregate any and all records you have into a separate folder. All staff should preserve the records described in this memo. Happy to discuss any questions. Thank you,
Sarah

Sent from my iPad

Begin forwarded message:

From: "Alexander, Jon" <jon.alexander@vermont.gov>
Date: October 9, 2015 at 1:56:00 PM EDT
Subject: Jay Peak Litigation Hold Notice

Good afternoon-

Please see the attached and contact me with any questions.

Thanks, Jon

Jon T. Alexander
Assistant Attorney General
Office of the Attorney General
109 State Street
Montpelier, VT 05609-1001
(802) 828-1299
jon.alexander@vermont.gov (please note my new email address)

**WILLIAM H. SORRELL
ATTORNEY GENERAL**

**SUSANNE YOUNG
DEPUTY ATTORNEY
GENERAL**

**WILLIAM E. GRIFFIN
CHIEF ASST. ATTORNEY
GENERAL**



**TEL: (802) 828-3171
FAX: (802) 828-2154
TDD: (802) 828-3171
CIVIL RIGHTS: (802) 828-3657
WEBPAGE: www.atg.state.vt.us**

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER
05609-1001**

To: Susan Donegan, Commissioner, Department of Financial Regulation

Patricia Moulton, Secretary, Agency of Commerce and Community
Development

Sarah E.B. London, General Counsel, Office of the Governor

Deputy Attorney General Susanne Young

From: Jon T. Alexander, Assistant Attorney General

Re: Request for preservation of documents –
Jay Peak EB-5 Litigation

Date: October 9, 2015

**CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED
ATTORNEY WORK PRODUCT**

This memorandum is to formally notify you that we are advising the Department of Financial Regulation (“DFR”), Agency of Commerce and Community Development (“ACCD”), the Office of Governor and the Office of the Vermont Attorney General (“AGO”) to preserve all documents related to possible litigation concerning Jay Peak and Burke Mountain Projects in the “EB-5 Program,” a federal visa initiative designed to give foreign investors a legal path to obtain United States residency.

This type of notice is typically referred to as a “litigation hold” notice. In certain circumstances, the courts require that steps be taken to preserve documents, both paper and electronic, related to the subject matter of the litigation. These requirements are serious and sobering. Harsh sanctions can be imposed by the courts if documents are not retained.

DFR, ACCD, AGO and the Governor's Office should continue the "litigation hold" until any lawsuit involving the State and all appeals come to a close. It should be discontinued only after consultation with me and Susanne Young, Deputy Attorney General.

Scope of request

This request for preservation of documents relates to possible litigation relating to any Jay Peak and Burke Mountain projects in the EB-5 program. The request to preserve documents applies to all documents held by DFR, ACCD, AGO and the Governor's Office, including written documents and all electronically stored documents and information. The obligation to preserve electronically stored information applies to all aspects of DFR, ACCD, AGO and the Governor's Office's technology, and includes information held in their buildings, in storage facilities run by the Department of Public Records, and in any other off-site storage facility.

The documents retained should include all paper or electronic documents, as well as draft or final versions of internal and external correspondence (including e-mails and text messages), memoranda, notes and other documents referencing or relating to:

- Jay Peak or Burke Mountain EB-5 Projects;
- any of the following entities involved in the Jay Peak or Burke Mountain EB-5 Projects:
 - Jay Peak Hotel Suites L.P.
 - Jay Peak Hotel Suites Phase II L.P.
 - Jay Peak Penthouse Suites L.P.
 - Jay Peak Golf and Mountain Suites L.P.
 - Jay Peak Lodge and Townhouses L.P.
 - Jay Peak Suites Stateside L.P.
 - Q Burke Mountain Resort, Hotel and Conference Center, L.P.
 - Jay Peak Biomedical Research Park, L.P.;
- the Private Placement Memorandum (PPMs) for any of the Jay Peak or Burke Mountain EB-5 Projects;
- any of the following :

Ariel Quiros
William Stenger
William Kelly
Ary Quiros

Joel Burnstein
AnC Bio VT LLC
AnC Bio Vermont GP Services, LLC
Q Burke Mountain Resort GP Services, LLC
Q Resorts, Inc.
G.S.I. of Dade County, Inc.
Jay Construction Management, Inc.
North East Contract Services, LLC.

In addition, any documents created from now on related to any of the above-described related categories must also be preserved. All information should be stored in original, unaltered form. E-mails may be the most difficult category of information to preserve, so your personnel should work to identify relevant e-mails and prevent them from being lost or destroyed. They should be saved in an easily accessible electronic file; if that is not feasible then they should be printed and stored prior to deletion. It is important to preserve e-mails and correspondence in your files related to this matter, even if they may eventually be protected from disclosure by a claim of privilege. Please confer with your Information Technology personnel on the best way to preserve electronic documents in each person's individual possession or control relating to any of the above-described related categories.

Communication of Litigation Hold Request to Personnel

This request from State legal counsel must be communicated by you to all personnel in DFR, ACCD, AGO and the Governor's Office who have control of document or data systems and to all personnel who may have authored or received any documents related to the above-described related categories. Documents of former employees should be similarly retained.

If, during the pendency of this litigation hold, other personnel who have e-mails or other electronic documents or information that pertain to the issues noted above leave their employment with DFR, ACCD, AGO or the Governor's Office, certain steps overseen by your respective Information Technology personnel should be taken to preserve those electronic documents and information. Any relevant documents or information contained on the computer hard drives of these employees or on your shared drives or network servers should be retained, and their e-mails should be preserved. To the extent possible, such employees should be encouraged to identify relevant documents or information before they cease their employment.

In addition, any agency or department automatic or regular document destruction policy should be discontinued for the duration of this litigation hold.

If you have any questions about your obligations regarding preservation of documents, please contact me.

From: Moulton, Pat [Pat.Moulton@vermont.gov]
Sent: Monday, April 11, 2016 2:26 PM
To: Donegan, Susan; Coriell, Scott; London, Sarah; Griffin, Bill
Subject: Attorney client
Attachments: DRAFT q&a draft 4.11.16.docx

Susan,

Attached are changed Q&A based on the conversation with the Receiver this AM. He made it clear he expects no job loss at Jay and will be telling all employees to return to work as usual. The exception will be anyone named Stenger or Quiros and anyone in the Sr. Mgmt. team that knew anything. IF they knew nothing, they will likely keep their job. If they did know, they may be replaced immediately by an management company employee. That will be decided case by case. So these changes hopefully reflect that.

Pat

PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Donegan, Susan
Sent: Monday, April 11, 2016 12:25 PM
To: Coriell, Scott <Scott.Coriell@vermont.gov>; Springer, Darren <Darren.Springer@vermont.gov>; Moulton, Pat <Pat.Moulton@vermont.gov>
Cc: London, Sarah <Sarah.London@vermont.gov>
Subject: website changes

Here are the changes to text – the name of the case will be added when we know it.
If I could have any additional changes by 3 pm today that would be ideal since I have folks here ready to make adjustments before they turn it into final form (my tech geek person is out tomorrow so I need to get us ready to “push the button” by COB.)

Thanks,
S.

Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation
89 Main Street
Montpelier, Vermont 05620
USA
(+1) 802-828-3301
susan.donegan@vermont.gov

NOTE: new email address is susan.donegan@vermont.gov

EMPLOYEES AND CONTRACTORS

Q: I am a subcontractor who is owed money on these projects, what do I do?

A: You should retain your own attorney to advise you appropriate legal action if any.

Q: I am employed at the Jay Peak resort. Will I keep my job?

A: Yes. It is expected most everyone at the Jay Peak Resort will retain their job. One of the objectives of the receiver put in place by the SEC and State of Vermont is to continue normal operations at the Resort. All employees should continue to report to work as normal.

Q: I was due to work at the Q-Burke Hotel and Conference center, what is the status of my job?

A: As you know, Q-Burke laid off all seasonal and permanent workers in March. It is too early to know now when the Hotel and Conference Center will be opened. The receiver put in place by the SEC and State of Vermont has as an objective to analyze how the Hotel and Conference Center can be opened as soon as feasible. You should stay in touch with this web site and/or your supervisor to know when you may be reporting to work.

Q: What will happen with the proposed Renaissance Project in downtown Newport?

A: The proposed Renaissance project in downtown Newport is NOT an EB-5 project. There is no foreign investment being raised for this project. The "Spates Block" was demolished with an appropriate demolition permit indicating if construction on the project has not commenced by 2017, the site must be filled and turned in to a grassed park. The project may or may not continue beyond that stage.

Q: What will happen to the proposed Newport Hotel, Conference Center and Marina project?

A: This project is NOT an EB05 project. There is no foreign investment being raised for this project. The project had not commenced and may or may not proceed.

INVESTORS:

Q: I am an investor in these projects, will I obtain my green card?

A: You are urged to consult an immigration attorney to understand your rights associated with these investments. That attorney can advise you best on your next steps and monitor Court proceedings to know your options. The EB-5 program maintains an e-mail account at USCIS Immigrationinvestorprogram@uscis.dhs.gov for external stakeholders to use when seeking general EB-5 program information, inquiring about the status of pending cases or requesting the expedite of a pending eb-5 case. **You should continue to pursue the appropriate immigration petition.** Please refer to the USCIS web site link on this web site for more information. You should continue to pursue information needed for your petition from the appropriate project. The receiver put in place should be able to provide that information to you.

Q: Will the adjudication process change, in any way, given the most recent Jay Peak projects lawsuit?

A: No, investors, whether I-526 or I-829, will continue to provide evidence per the petition stages with the eventual expectation that USCIS will adjudicate in a timely manner.

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Tuesday, April 19, 2016 12:07 PM
To: Springer, Darren; Coriell, Scott
Subject: FW: ATTORNEY CLIENT PRIVILEGE

FYI, expect AGO will be weighing in

From: Moulton, Pat
Sent: Tuesday, April 19, 2016 11:42 AM
To: Donegan, Susan <Susan.Donegan@vermont.gov>; Miller, Lawrence <Lawrence.Miller@vermont.gov>; Griffin, Bill <bill.griffin@vermont.gov>; London, Sarah <Sarah.London@vermont.gov>
Subject: ATTORNEY CLIENT PRIVILEGE

Here is how I would respond:

Hillary,

Yes, we had concerns about the land valuation as well as the PPM. In July, 2014 we suspended the marketing of the AncBio project until a qualified securities attorney had opined the PPM contained adequate disclosures. Also, we asked for an appraisal of the former Bogner property. We received that appraisal but it was "as built" for when the clean rooms were built, not as the property sat then. That information was conveyed to DFR and remains a concern. **That transaction is part of the complaint filed by SEC. (I admit, I have not read the entire complaint, is this true?)**

As for the Lawrence question, I would say "no one "made that decision". The projects were not regularly filing reports so we started pressing them more. We put Jay Peak on a weekly report requirement after we started hearing complaints. That continued until recently.

What do you think?

Pat

PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: Hilary Niles [<mailto:h@nilesmedia.com>]
Sent: Monday, April 18, 2016 6:21 PM
To: Moulton, Pat <Pat.Moulton@vermont.gov>; Donegan, Susan <Susan.Donegan@vermont.gov>; Miller, Lawrence <Lawrence.Miller@vermont.gov>
Subject: press inquiry on deadline — EB-5 written quarterly reports?

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Tuesday, May 03, 2016 5:10 PM
To: EXE
Subject: FW: State v Quiros/2nd Litigation Hold
Attachments: 2016 05 03 Jay Peak 2nd Litigation Hold.pdf

CONFIDENTIAL ATTORNEY CLIENT COMMUNICATION

All, we have received an updated litigation hold notice from the AGO. Please note that they have added additional search terms in bold on page 4 of the attached document. In addition to the listed terms, I recommend you search by **jaypeakresort** as well, as that is the email address associated with employees of Jay Peak. The current list of search terms from the AGO is re-printed below.

I will be meeting again with the AG's Office on Thursday regarding our litigation hold records.

Again, for emails, please place all emails into a separate EB-5 LITIGATION HOLD folder in your outlook account. Please advise me on Thursday regarding the rough volume of emails in your litigation hold folder. At this time my understanding is that the AGO would like all press clips in those folders as well.

I will be meeting with DII about sharing access to folders in outlook accounts this week.

We/DII has suspended all deletion from all of our accounts, so that no records are currently be deleted (even if you place them in the trash, and even if you think you have emptied your trash). That said, for now, it makes sense to avoid emptying your trash at the end of each day.

If you have records outside of your outlook account, please create a separate folder for those records as well, ideally in the Shared Drive. Let me know on Thursday about the location and contents of such folders so that I can direct the AGO accordingly.

Thanks very much all around,
Sarah

AGO search terms:

Jay Peak or Burke Mountain EB-5 Projects;

Jay Peak Hotel Suites L.P.

Jay Peak Hotel Suites Phase II L.P.

Jay Peak Penthouse Suites L.P.

Jay Peak Golf and Mountain Suites L.P.

Jay Peak Lodge and Townhouses L.P.

Jay Peak Suites Stateside L.P.

Q Burke Mountain Resort, Hotel and Conference Center, L.P.

Jay Peak Biomedical Research Park, L.P.;

the Private Placement Memorandum (PPMs) for any of the Jay Peak or Burke Mountain EB-5 Projects;

Ariel Quiros
William Stenger
William Kelly
Ary Quiros
Joel Burstein
AnC Bio VT LLC

The entities listed on the following page in **bolded** type were not listed in my original October 9, 2015 Litigation Hold memorandum.

AnC Bio Vermont GP Services, LLC
Q Burke Mountain Resort GP Services, LLC
Q Resorts, Inc.
G.S.I. of Dade County, Inc.
Jay Construction Management, Inc.
North East Contract Services, LLC
Jay Peak, Inc.
Jay Peak Management, Inc.
Jay Peak GP Services, Inc.
Jay Peak GP Services Golf, Inc.
Jay Peak GP Services Lodge, Inc.
Jay Peak GP Services Stateside
Q-Burke Mountain Resort LLC

From: Alexander, Jon
Sent: Tuesday, May 03, 2016 3:47 PM
To: London, Sarah
Subject: State v Quiros/2nd Litigation Hold

Sarah-

Now that suit has commenced, we are issuing a second litigation hold in this matter a) to include additional agencies/departments that may have potentially relevant documents and b) to advise that you preserve documents relevant to additional defendant entities (in bold type on p.4 of the attached memo).

The Attorney General's Office also advises you to take the following specific steps, to the extent that you have not already, in conjunction with DII and/or your agency, department or office's IT managers, to collect and preserve documents potentially related to the EB-5 Litigation:

- Immediately suspend any automatic or routine document or electronically-stored information ("ESI") destruction, deletion or overwriting policies or practices that you may have;
- For each personal computer and server that may contain ESI related to the EB-5 Litigation, transfer all potentially relevant e-mails, computer files and other ESI into a separate designated folder on the hard drive or network drive to avoid accidental deletion or modification;

- Do not erase, reformat, overwrite, 'wipe' or 'scrub' computer hard drives or network servers, even if they are being abandoned, decommissioned, or reassigned;
- Do not discard, sell or return any computers or servers that may contain potentially relevant ESI;
- Search all your office and storage space for potentially relevant paper documents and collect them in a segregated and secure area for further review.

Finally, I suggest that we schedule a conference call or meeting in the near future to discuss the above matters and arrange for the Attorney General's Office to receive copies of all preserved documents . Thank you for your cooperation and assistance.

Jon

**WILLIAM H. SORRELL
ATTORNEY GENERAL**

**SUSANNE YOUNG
DEPUTY ATTORNEY
GENERAL**

**WILLIAM E. GRIFFIN
CHIEF ASST. ATTORNEY
GENERAL**



**TEL: (802) 828-3171
FAX: (802) 828-2154
TDD: (802) 828-3171
CIVIL RIGHTS: (802) 828-3657
WEBPAGE: www.atg.state.vt.us**

**STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER
05609-1001**

To: Susan Donegan, Commissioner, Department of Financial Regulation

Patricia Moulton, Secretary, Agency of Commerce and Community
Development

Sarah E.B. London, General Counsel, Office of the Governor

Deputy Attorney General Susanne Young

Jo Bradley, Chief Executive Officer, Vermont Economic Development
Authority

Dr. Harry Chen, Commissioner, Department of Health

Chris Cole, Secretary, Agency of Transportation

Keith Flynn, Commissioner, Department of Public Safety

Deb Markowitz, Secretary, Agency of Natural Resources

Annie Noonan, Commissioner, Department of Labor

Mary N. Peterson, Commissioner, Department of Taxes

Eugene Reid, Chair, District 7 Environmental Commission

Chuck Ross, Secretary, Agency of Agriculture, Food and Markets

Diane Snelling, Chair, Natural Resources Board

Kessler, John

From: Fullam, Eugene
Sent: Wednesday, July 20, 2016 9:51 AM
To: Pieciak, Michael; Moulton, Pat
Subject: FOLLOWUP: CONFIDENTIAL ATTORNEY CLIENT

Good Morning . . .

Another observation to share related to yesterday's email by David Cassetty (see below) . . .

v) Per "they have yet to establish that the offering period was extended . . ." . I would like to better understand David's thinking on the nexus of extending the offering period and its particular relevancy to an existing PPM, its intended updating, and conclusive actions by SA as evidenced by its submittal of the First Amendment Supplement (to the PPM) in SA's letter dated May 12.

- i) An extended offering period is typically associated with IPO offerings, either debt or equity. The corporate bond market uses "shelf registrations" up to two-years in advance of an actual offering to permit flexibility to better market time anticipated economic, financial, political developments.
- ii) During a extended offering a "black out" period ensues where financial information is typically subject to the 135-day rule. And, all information must be current and comply with 10b-5 standards.

So, it is not clear to me the relevancy of the "extended offering period" reference as it relates to the question of "updating" an existing PPM; whether the proposed change(s) is / are "material"; the instituting of a "quiet period" pursuant to the clear intention to modify; and, what is permissible marketing (physical and oral) during said "quiet period".

Gene

From: Fullam, Eugene
Sent: Tuesday, July 19, 2016 1:19 PM
To: Pieciak, Michael <Michael.Pieciak@vermont.gov>; Moulton, Pat <Pat.Moulton@vermont.gov>
Subject: Re: CONFIDENTIAL attorney client

P + M :

Several observations per Cassetty note:

i) It's not just the providing of literature but also oral representations made by SA at this time period. The fact that SA has penned an amended PPM (Supement) with explicit intentions to eliminate escrow is evidentiary; coupled with discussions with NES, of same intent, is conclusive of SA efforts to make "material changes" to

From: Springer, Darren [Darren.Springer@vermont.gov]
Sent: Monday, July 25, 2016 2:35 PM
To: London, Sarah; Allen, Susan
CC: Miller, Lawrence
Subject: RE: CONFIDENTIAL attorney client

How about this, Sarah please let me know if any part is not accurate.

DRAFT STATEMENT:

"As with anything, hindsight can be 20/20. As the Governor said when the state and federal governments filed the complaints in this matter, we all wish we could have caught the alleged fraud earlier. However, no one should forget that it is because of state and federal investigations that this alleged fraud was discovered and that filings were made. It is because of state oversight that the expenditures for the Burke hotel were rigorously examined and that ANC BIO investor funds were placed in escrow where they remain to this day. Many folks have been harmed by the alleged fraud in the Northeast Kingdom, including subcontractors and investors and entire communities.

As to the questions you raise, the Agency of Commerce and Community Development did raise questions back in 2012 to the projects within the scope of the limited statutory powers we have to investigate. It is because ultimately the projects were not as responsive as was necessary that the decision was made to add oversight responsibilities to the Department of Financial Regulation, which has more expansive authority in these matters. Their investigation, which included looking into official investor complaints first formally received in 2015, led to unraveling the complicated web of alleged fraud we have here. Investors who previously had concerns may have expressed them in the press or in communications with ACCD, but did not file complaints with DFR. While individuals such as Douglas Hulme may have raised questions previously, his credibility in raising those concerns was marred by his ties to the projects. For example, he was reminded many times to cease activity in which he incorrectly marketed himself as the Vermont Regional Center.

Darren M. Springer
Chief of Staff, Office of the Governor
(802) 522-2082 (cell)
Darren.Springer@vermont.gov

Please note: My email address has changed to Darren.Springer@vermont.gov.

From: London, Sarah
Sent: Monday, July 25, 2016 1:25 PM
To: Springer, Darren <Darren.Springer@vermont.gov>; Allen, Susan <Susan.Allen@vermont.gov>
Cc: Miller, Lawrence <Lawrence.Miller@vermont.gov>
Subject: FW: CONFIDENTIAL attorney client
Importance: High

Here is what we have.

From: Moulton, Pat

Sent: Monday, July 25, 2016 1:10 PM

To: London, Sarah <Sarah.London@vermont.gov>; Pieciak, Michael <Michael.Pieciak@vermont.gov>; Kessler, John <John.Kessler@vermont.gov>

Subject: CONFIDENTIAL attorney client

Importance: High

Sarah, here is what I am thinking for a statement. We are on a public records exemption for any more details out to Anne. So the details she has is what she will get. I do not see a need to drag in who said what when but rather keep this high level.

Also, I do not recall the May 4 conference call having anything to do with any allegations, it was about Hulme stopping marketing himself as the Vermont Regional Center. My memory may be vague on this.

DRAFT STATEMENT:

"The Agency of Commerce and Community Development undertook the degree of investigation they could given limited statutory powers to investigate and subpoena. We added the Dept. of Financial Regulation in to the Vermont Regional Center for exactly this reason. They have more investigative powers and staff to unravel what was we learned in the end, was an extremely complicated web of alleged violations. We as a government were and remain VERY interested in getting investigating any allegations and we have systems in place at DFR for these purposes. The proper place to direct investors who felt they had a complaint was to legal counsel or to file a complaint with DFR. DFR discovered the complexity of this alleged fraud after they were brought in.

AND could add someplace: "ACCD had ascertained the Limited Partnership at Jay Peak was within their authority to transfer equity to debt. Jay Peak should have done a much better job communicating with investors at the time. We now know there was more going on then. But we did not know that then nor could we have without the involvement of DFR and the 13 months of detailed investigation in to over 350 daily transaction and over 800,000 pages of documentation."

AND could add someplace:

"Douglas Hulme was also someone on ACCD's radar as incorrectly marketing himself as the Vermont Regional Center. He was reminded many times to cease from that activity and change his web site. His credibility was in question due to those activities. It appeared as sour grapes give the lack of other evidence to suggest something more."

Those are some thoughts.

PAT

PLEASE NOTE: my new email pat.moulton@vermont.gov

Patricia Moulton, Secretary

Agency of Commerce and Community Development

One National Life Drive

Deane C. Davis Bldg., 6th Floor

Montpelier, VT 05620-0501

802-451-9578

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Monday, July 25, 2016 3:03 PM
To: Springer, Darren; Allen, Susan
CC: Miller, Lawrence
Subject: RE: CONFIDENTIAL attorney client

Looks accurate, I added "formal" in front of investor complaint and otherwise minor word edits. Will send to Pat and Mike P for final sign off and then this goes from Pat, correct?

From: Springer, Darren
Sent: Monday, July 25, 2016 2:35 PM
To: London, Sarah <Sarah.London@vermont.gov>; Allen, Susan <Susan.Allen@vermont.gov>
Cc: Miller, Lawrence <Lawrence.Miller@vermont.gov>
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How about this, Sarah please let me know if any part is not accurate.

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From: Moulton, Pat
Sent: Monday, July 25, 2016 1:10 PM
To: London, Sarah <Sarah.London@vermont.gov>; Pieciak, Michael <Michael.Pieciak@vermont.gov>; Kessler, John <John.Kessler@vermont.gov>
Subject: CONFIDENTIAL attorney client
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PAT

PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: London, Sarah
Sent: Monday, July 25, 2016 12:31 PM
To: Moulton, Pat <Pat.Moulton@vermont.gov>; Pieciak, Michael <Michael.Pieciak@vermont.gov>
Subject: FW: request for comment re: story about conference call with Lawrence Miller and Douglas Hulme in 2012

Thank you. Pat, thank you for ACCD taking a first crack at a statement on below regarding Regional Center actions at the time. Mike, see below. ACCD need may assistance in the 2012 timeline with communications with John Cronin. Understanding of folks here is that DFR did not receive a formal complaint from any investor with respect to these projects until 2015. Would like DFR to confirm, and make sure ACCD and DFR are on same page for statement below regarding relevant period in 2012. Thank you both very much,
Sarah

From: Moulton, Pat
Sent: Monday, July 25, 2016 12:26 PM
To: London, Sarah <Sarah.London@vermont.gov>
Subject: Fwd: request for comment re: story about conference call with Lawrence Miller and Douglas Hulme in 2012

Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Dr.
Deane C Davis Bldg., 6floor
Montpelier, VT 05620-0501
ACCD.Vermont.gov
802-451-9578

----- Forwarded message -----

From: "Anne Galloway" <agalloway@vtdigger.org>
Date: Mon, Jul 25, 2016 at 12:00 PM -0400
Subject: request for comment re: story about conference call with Lawrence Miller and Douglas Hulme in 2012
To: "Moulton, Pat" <Pat.Moulton@vermont.gov>

Dear Pat,

I am writing to request comment about a conference call you had with Douglas Hulme and Lawrence Miller in 2012. The story will be published later today. My deadline is 5 p.m.

These are excerpts from the story:

When the Tram Haus investors found out about the details of the IOU in May 2014, they reached out to state officials for help and complained they had been defrauded by Stenger and Quiros. But instead of acting on investors' concerns, Raymond, at the regional center, pushed back, and Moulton, who had replaced Miller as commerce secretary in June 2014, defended Stenger. In a commentary submitted later that year, Moulton insisted that a story by VTDigger was inaccurate and that "Stenger's action was not in conflict with any federal law or regulations enacted for the EB5 program."

In correspondence, Moulton told investors that the developers had not violated partnership agreements and there was nothing the state could do to help. She recommended the investors seek recourse in the courts.

Sutton says the investors chose not to pursue a legal challenge because "it would be heard in Stenger's backyard."

At the same time, Moulton asked Sutton to provide proof of the investors' allegations. A month later, Sutton sent bank statements to the state that showed loans secured against investor funds and transfers of Tram Haus money to Q Resorts, one of Quiros' companies. Moulton never responded, according to Sutton.

"The whole time, they were just defending Jay Peak," Sutton says. "There was never a point where I was thinking they're actually going to take us seriously and carry out an investigation."

####

In advance of the conference call, an attorney for Hulme explained to Candido by email that Rapid USA had concerns about "the expenditure and use of funds by the limited partnerships and reconciliation of accounts, including the transfer of funds."

The attorney, Eugene Lindsey, had asked Stenger in February 2012 for balance sheets, bank statements, wire transfers, and source and use of funds reports for the Jay Peak projects, according to email correspondence provided by the state. He also specifically asked Stenger to verify that he had not used investor monies to obtain margin loans — one of the SEC's accusations — and that the developer provide Rapid USA with written assurances from legal counsel that the projects were in compliance with federal and state law. Stenger apparently did not provide the assurances Hulme requested, and on Feb. 28, Rapid USA terminated all business dealings with Jay Peak.

The scheduled phone meeting among Hulme, Miller and Patricia Moulton, who was then deputy commerce secretary, took place May 4, 2012, email correspondence shows. It is unclear what happened or what was said at the meeting. None of the participants in the meeting has responded to VTDigger's requests for comment. No meeting notes were released to VTDigger as part of a public records request made in 2015. In October 2015, Vermont Attorney General William Sorrell put state communication regarding Jay Peak on litigation hold, blocking public access.

The next communication after the meeting was between Stenger and Miller.

“James briefed me somewhat on the Hulme call,” Stenger wrote May 17, 2012. “I wanted to ask your perspective on it and if you want anything from me. I have a paper trail on all our interaction. If you would like that or anything else please let me know.”

Miller replied: “I don’t feel a need for any further information at this point Bill. Everyone is fully consistent with each other.”

LATER IN THE STORY, COMMENTS FROM TONY SUTTON

Sutton says the state has not taken responsibility for its lack of oversight and willful disregard of facts about the fraud brought to light four years ago — even after the Securities and Exchange Commission sued Stenger and Quiros on 52 counts of fraud.

“From what I’ve seen on redacted emails that we’ve had access to, it’s completely clear that Lawrence Miller, especially, was very involved in the discussion between Bill Stenger and Douglas Hulme,” Sutton added. “From my point of view, looking at that information, it seems very clear to me that Miller, particularly, knew a lot more and did nothing, which from my point of view, had he acted at that point, he could have saved our hotel from being seized.”

“I don’t want to speculate on the potential motivation they might have had,” Sutton says. “You’d like to believe they had the best of intentions and the whole project from their point of view was of great benefit to the state of Vermont. But that’s not what they were paid to do. The offices they held meant they had an obligation to really find out if there was a problem or not.”

--

Anne Galloway
Editor, VTDigger.org
Executive Director, Vermont Journalism Trust
97 State St., Montpelier, VT 05602
cell 802-595-9159
@GallowayVTD
<http://vtdigger.org>



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From: London, Sarah [Sarah.London@vermont.gov]
Sent: Thursday, July 28, 2016 4:11 PM
To: GPS; EXE - SrStaff
Subject: FW: EB-5 Investor case against filed DFR
Attachments: 2016-07-20 Complaint.pdf

Importance: High

FYI, attached is a complaint from two Chinese investors in Q Burke (siblings) against Ariel Quiros, Stenger, Charles Leamy (a lawyer), Raymond James Inc, Joel Burstein, DFR, Peak CM, White and Burke, Q Burke Resorts, and "John Does." No state entity other than DFR is named. Lawyer is Pietro Lynn, and two lawyers from California. Investors claim:

- They were not provided with the updated Q Burke PPM that disclosed the SEC investigation
- The State through DFR wrongfully released their money from escrow to allow the hotel to be built (highlighting a warning from Brent Raymond to Susan Donegan)
- Quiros, Stenger, Leamy, and Q Burke violated VT Securities law, committed various forms of fraud, violated the Consumer Protection Act, and breached fiduciaries duties through misrepresentations and concealments
- Raymond James, Burstein, and White and Burke aided and abetted the fraud
- DFR is the defendant in one count of negligence
- Peak CM wrongfully pocketed \$1M
- Defendants other than DFR committed "civil conspiracy"

They ask for return of approximately \$1M, and triple damages under the Consumer Fraud Act, and attorneys fees

From: Shafritz, Megan J.
Sent: Thursday, July 28, 2016 3:10 PM
To: London, Sarah <Sarah.London@vermont.gov>
Subject: FW: EB-5 Investor case against filed DFR
Importance: High

ATTORNEY/CLIENT PRIVILEGED

Hi Sarah,

Bill ask me to give you a heads up regarding this case, which was just served yesterday. We haven't yet assigned the litigation team that will handle the matter, so if you have any questions, please feel free to contact me.

Regards, Megan

Megan J. Shafritz, Esq.
Assistant Attorney General, Civil Division Chief
Office of the Attorney General

109 State Street, 3rd Floor
Montpelier, Vermont 05609-1001
Phone: 802-828-5527
Fax: 802-828-1500

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From: Shafritz, Megan J.
Sent: Thursday, July 28, 2016 2:43 PM
To: Sorrell, Bill <bill.sorrell@vermont.gov>; Griffin, Bill <bill.griffin@vermont.gov>; Young, Susanne <susanne.young@vermont.gov>; Kline, Scot <scot.kline@vermont.gov>
Cc: Alexander, Jon <jon.alexander@vermont.gov>; Salembier, Shannon <Shannon.Salembier@vermont.gov>
Subject: EB-5 Investor case against filed DFR
Importance: High

Hi Folks,

Late yesterday afternoon (at 4:15 p.m.), the State was served by sheriff with the attached EB-5 investor lawsuit, which was filed against many defendants, including all those you would expect. Despite a 45-page complaint, there appears to be only one (seemingly weak) claim against DFR for negligence. See Count X at page 39. The Complaint alleges that DFR owed a duty of care to potential investors in Q Burke and breached that duty by permitting Q Burke to solicit new investors in July 2015. Our response is due on August 16, 2016.

Bill, FYI, in case there are press inquiries. To my knowledge, we have not received any yet.

MJS

From: Lord, Peggy
Sent: Thursday, July 28, 2016 2:28 PM
To: Shafritz, Megan J. <megan.shafritz@vermont.gov>
Subject: Service by Sheriff 7/27/16 - Wei and Wei v. Quiros, et al., 602-7-16 Cncv

Hi Megan,

Please see the attached was served via sheriff yesterday (7/27/16). The answer is due 8/16/16. This has been added to Law Manager (2016-05899) and the documents have been added to M-Files.

Thanks,
P

Peggy Lord

Docket Clerk / Paralegal Technician II
Office of the Attorney General | Civil Division
109 State Street, 3rd Floor
Montpelier, VT 05609-1001
Tel. 802-828-3176
Fax. 802-828-1500
Email: peggy.lord@vermont.gov

Please note my new email address is: peggy.lord@vermont.gov

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STATE OF VERMONT

SUPERIOR COURT
CHITTENDEN UNIT

CIVIL DIVISION
DOCKET NO. 1602-7-16 cncv

MINGGAN WEI and ZHAO WEI,

Plaintiffs,

-against-

ARIEL QUIROS; WILLIAM STENGER;
CHARLES LEAMY; RAYMOND JAMES
& ASSOCIATES, INC.; JOEL
BURSTEIN; STATE OF VERMONT
DEPARTMENT OF FINANCIAL
REGULATION; PEAK CM, LLC;
GARDNER KILCOYNE ARCHITECTS,
P.C.; WHITE + BURKE REAL ESTATE
INVESTMENT ADVISORS, INC.; Q
BURKE MOUNTAIN RESORT, HOTEL
and CONFERENCE CENTER, L.P.; and
JOHN DOES #1 THROUGH 10,

Defendants.

COMPLAINT

VERMONT SUPERIOR COURT

JUL 20 2016

Chittenden Unit

Minggan Wei and Zhao Wei (collectively, "the Weis") make the following complaint against Ariel Quiros; William Stenger; Charles Leamy; Raymond James & Associates, Inc.; Joel Burstein; the State of Vermont Department of Financial Regulation; Peak CM, LLC; Gardner Kilcoyne Architects, P.C.; White + Burke Real Estate Investment Advisors, Inc.; Q Burke Mountain Resort, Hotel and Conference Center, L.P.; and John Does Number One through Ten (collectively, "Defendants") to recover the \$1,040,000.00 that they were defrauded by defendants into investing in a scheme which they were told would qualify them to receive EB-5 visas, but instead, left their savings depleted, their invested assets locked up in a court-ordered receivership established by the Securities and Exchange Commission ("SEC") and their prospects to receive

visas for permanent residency in serious doubt. The Weis also seek the return of \$20,000 that they paid to defendant Charles Leamy for so-called “attorneys’ fees.” Unless otherwise stated, the allegations set forth below are pleaded upon information and belief.

SUMMARY

1. Minggan Wei and Zhao Wei are Chinese national siblings who came to the United States to pursue their education. Seeking to enjoy permanent residency in the United States, the Weis sought an investment opportunity that would entitle them to receive permanent resident status (a “green card”) through the EB-5 immigrant investor program (the “EB-5 Program”).

2. The EB-5 Program provides a method of obtaining a green card for foreign nationals who invest money to promote economic development in the United States. The program, which is administered by the United States Citizenship and Immigration Services, provides green cards to individuals like the Weis who invest at least \$500,000 in a high-unemployment or rural area that then creates or preserves at least ten jobs for U.S. workers. Investors also receive returns on their investment in successful projects.

3. William Stenger and Charles Leamy induced the Weis to invest \$520,000 each to become limited partners in Q Burke Mountain Resort, Hotel and Conference Center, L.P. (“Q Burke”). Leamy, an attorney licensed to practice law in New York, falsely told the Weis that the EB-5 projects that the group has run at the Jay Peak Resort, located on Jay Peak in the Green Mountains of Vermont, “are among the most successful in the U.S.”

4. This representation was a grave lie and omission. The Weis were not told that Stenger and Ariel Quiros had been misusing, commingling and stealing investors’ money for seven years, and that they were under intense scrutiny by the SEC and the Vermont government.

5. Raymond James and Associates, Inc. (“Raymond James”) and its broker Joel Burstein – who was Quiros’ son-in-law – designed the financial account structure that enabled the fraudulent scheme to flourish.

From: Moulton, Pat [Pat.Moulton@vermont.gov]
Sent: Friday, August 26, 2016 9:58 AM
To: London, Sarah; Griffin, Bill
Subject: Confidential Attorney Client privilege.
Attachments: 1163_001.pdf

Good morning Sarah and Bill,

Attached please find our response to the RFI from USCIS. There could be one change, I noticed the MOU between DFR and ACCD on attachment A is not the final signed copy so we will be sending the final signed to USCIS.

Pat

PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

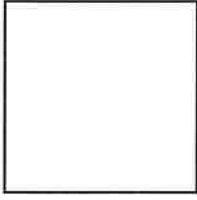
From: O'Neil, Allison [mailto:Allison.ONeil@lockelord.com]
Sent: Thursday, August 25, 2016 2:03 PM
To: Kessler, John <John.Kessler@vermont.gov>; St. Onge, Walter <Walter.StOnge@lockelord.com>; Moulton, Pat <Pat.Moulton@vermont.gov>; Goldstein, Joan <Joan.Goldstein@vermont.gov>; Leriche, Lucy <Lucy.Leriche@vermont.gov>; Pieciak, Michael <Michael.Pieciak@vermont.gov>; Purinton, Tyler <Tyler.Purinton@vermont.gov>; John W. Kessler - State of Vermont (jk67vt@gmail.com) <jk67vt@gmail.com>; Whitehouse, James <James.Whitehouse@vermont.gov>; Keller, Stanley <Stanley.Keller@lockelord.com>
Subject: Final version with attachments

Hi everyone,

Our hand delivery is ready to go. Attached is the final version with attachments. Please let me know if you have any changes in the next few minutes.

Thanks,
Allison

Allison O'Neil
Partner
Locke Lord LLP
617.239.0729 Direct



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A#		Application/Petition I-924A, Supplement to Form I-924A
Receipt # RCW1536353984		Applicant/Petitioner Patricia Lynn Moulton Vermont Agency of Commerce & Community Development (VACCD) Regional Center
Notice Date July 8, 2016	Page 1 of 7	Beneficiary

Patricia Lynn Moulton
Vermont Agency of Commerce &
Community Development (VACCD)
Regional Center
1 National Life Dr.
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620

Request for Information

IMPORTANT: WHEN YOU HAVE COMPLIED WITH THE INSTRUCTIONS ON THIS FORM, RESUBMIT THIS NOTICE ON TOP OF ALL REQUESTED DOCUMENTS AND /OR INFORMATION TO THE ADDRESS BELOW. THIS OFFICE HAS RETAINED YOUR PETITION/APPLICATION WITH SUPPORTING DOCUMENTS.

THE INFORMATION REQUESTED BELOW MUST BE RECEIVED BY THIS OFFICE NO LATER THAN FORTY-FIVE(45) DAYS FROM THE DATE OF THIS NOTICE.

CSC _____ WS _____ DIV I

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until August 25, 2016 in which to submit the information requested.

For more information, visit our website at www.uscis.gov

Or call us at **1-800-375-5283**

Telephone service for the hearing impaired: **1-800-767-1833**

You will be notified separately about any other applications or petitions you filed. Save a photocopy of this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

<p>U.S. CITIZENSHIP AND IMMIGRATION SERVICES IMMIGRANT INVESTOR PROGRAM 131 M STREET, NE MAILSTOP 2235 WASHINGTON, DC 20529</p>	
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Form I-797 (1/00)

Please see additional information on the back.

Form I-924A, Supplement to Form I-924; Request for Information

I. Background

Vermont Agency of Commerce and Community Development (VACCD) (“the Regional Center”) applied for designation as a regional center on June 26, 1997 pursuant to section 610 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1993, Pub. L. No. 102-395.¹ On June 11, 2007, USCIS designated VACCD as a regional center and authorized its participation in the Immigrant Investor Program (the “Program”).

According to 8 C.F.R. § 204.6(m)(6), regional centers must provide USCIS with updated information to demonstrate the regional center is continuing to promote economic growth, improved regional productivity, job creation, or increased domestic capital investment in the approved geographic area. The form that is used to demonstrate a regional center’s continued eligibility for regional center designation is the Form I-924A, Supplement to Form I-924 (“Form I-924A”).

On December 24, 2015, the Regional Center submitted the Form I-924A for fiscal year 2015 (RCW1536353984).

In the course of reviewing your FY 2015 I-924A and through publicly available information which has come out since that form was filed, issues have come to our attention that require additional information or evidence in order to demonstrate that your Regional Center is continuing to promote economic growth pursuant to 8 C.F.R. § 204.6(m)(6), including the ability to effectively administer the Regional Center.

We have reviewed the April 12, 2016 complaint² filed by the U.S. Securities and Exchange Commission (the “SEC complaint”) and the April 14, 2016 complaint³ filed by the State of Vermont (the “Vermont complaint”), regarding activities relating to the Regional Center. The 17 defendants in each complaint are:

¹ Section 610 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1993, Pub. L. No. 102-395, as amended by section 116 of Pub. L. No. 105-119, 111 Stat. 2440 (1997); section 402 of Pub. L. No. 106-396, 114 Stat. 1637 (2000); section 11037 of Pub. L. No. 107-273, 116 Stat. 1758 (2002); section 4 of Pub. L. No. 108-156, 117 Stat. 1944 (2003); section 1 of Pub. L. No. 112-176, 126 Stat. 1325 (2012); and section 575 of Pub. L. No. 114-113 (2015) (hereinafter “Appropriations Act”).

² See <http://www.sec.gov/litigation/complaints/2016/comp-pr2016-69.pdf>.

³ See

<http://www.dfr.vermont.gov/sites/default/ext/sl/dev/docs/State%20v.%20Quiros%20et.%20al.%20COMPLAINT%20SIGNED%20&%20FILED.pdf>.

Ariel Quiros; William Stenger; Jay Peak, Inc.; Q Resorts, Inc.; Jay Peak Hotel Suites, L.P.; Jay Peak Hotel Suites Phase II, L.P.; Jay Peak Management, Inc.; Jay Peak Penthouse Suites, L.P.; Jay Peak GP Services, Inc.; Jay Peak Golf and Mountain Suites, L.P.; Jay Peak GP Services Golf, Inc.; Jay Peak Lodge and Townhouses, L.P.; Jay Peak GP Services Lodge, Inc.; Jay Peak Hotel Suites Stateside, L.P.; Jay Peak GP Services Stateside, Inc.; Jay Peak Biomedical Research Park, L.P.; and ANC Bio Vermont GP Services, LLC.⁴

The SEC complaint alleges that “among other things, Quiros, Stenger, and the companies they run that have overseen the development and construction of the Jay Peak resort have misused more than \$200 million – more than half of all money raised by investors.”⁵ The Vermont complaint notes that “since 2008, Quiros has misappropriated at least \$50 million of investor funds to, among other things: (1) purchase Jay Peak Resort; (2) purchase Burke Mountain Resort; (3) back a personal line of credit to pay his personal income taxes; (4) pay taxes for an unrelated company Quiros owns; and (5) purchase a luxury condominium in Trump Place New York. Quiros also improperly used investor funds to pay for margin loan interest and fees (\$2.5 million) and to pay down and off margin loan debts.”⁶ In addition, funds originally earmarked for certain projects were allegedly improperly used for other projects.⁷

With regards to the biomedical facility project associated with Jay Peak Biomedical Research Park L.P. (JPBRP), the SEC and Vermont complaints allege that (1) JPBRP had raised \$83 million from 166 investors and seeks to raise an additional \$27 million from 54 investors⁸, (2) at least some of the funds raised had been diverted for other purposes unrelated to this project⁹, and (3) the Private Placement Memorandum for this project states that the ANC Bio Products were ‘currently in the process of FDA approval’ but that, in reality, Defendants had never applied for FDA approval for the ANC Bio Products despite stating the project was set to commence in October, 2014, without also including the material contingency that commencement of the project was dependent on FDA approval, and without disclosing the risk that the FDA might not approve the ANC Bio Products.¹⁰ In addition, the SEC complaint alleges that “although the Defendants have raised almost three-quarters of the money for the research facility, they have done almost no work on it other than site

⁴ See page 1 of the SEC and Vermont complaints.

⁵ See <http://www.sec.gov/litigation/complaints/2016/comp-pr2016-69.pdf>, p. 2.

⁶ See

<http://www.dfr.vermont.gov/sites/default/ext/sl/dev/docs/State%20v.%20Quiros%20et.%20al.%20COMPLAINT%20SIGNED%20&%20FILED.pdf>, p. 3-4.

⁷ This is noted throughout the SEC and Vermont complaints.

⁸ See <http://www.sec.gov/litigation/complaints/2016/comp-pr2016-69.pdf>, p. 7.

⁹ See

<http://www.dfr.vermont.gov/sites/default/ext/sl/dev/docs/State%20v.%20Quiros%20et.%20al.%20COMPLAINT%20SIGNED%20&%20FILED.pdf>, p. 33.

¹⁰ *Ibid.*, p. 34.

preparation and ground-breaking, and are years behind their original construction and revenue schedule”¹¹

Additionally, according to the SEC complaint, “between October 2011 and December 2012, Stateside Phase VI (i.e., the NCE, Jay Peak Hotel Suites Stateside L.P.) raised \$67 million from 134 investors through an EB-5 offering of limited partnership interests to build an 84-unit hotel, 84 vacation rental cottages, a guest recreation center, and a medical center. Although the Stateside Phase VI offering was fully subscribed, the Defendants have only built the hotel. A small amount of work has been done on building the cottages and work has not yet begun on the recreation and medical centers.”¹²

In addition, a recent press report mentioned that on May 19, 2016 a Plainfield, VT “woman (Linda West) obtained a default judgement against her former employer, Seldon Technologies, in a lawsuit she filed alleging that the Windsor water filtration device maker fired her over objecting to financial irregularities stemming from the company’s participation in a federal government’s program awarding visas to foreign investors in exchange for helping to bankroll job creation.”¹³ The article also noted that Ms. West, “who worked as an accountant at Seldon from 2003 to 2012, sued the company in Vermont Superior Court in Woodstock (in) 2013, alleging that she was fired after she complained that Seldon used EB-5 funds to pay for a company officer’s purchase of Seldon stock in addition to his federal and state income taxes and deferred income allocation.”¹⁴ The judge ruled Seldon liable with damages to be determined by a jury at a later date.¹⁵ In fact, according to another article, on June 30, 2016 a Vermont state superior court jury awarded West \$400,000 in compensatory damages against Seldon, comprised of \$325,623 in lost back pay and \$74,377 in lost future pay.¹⁶

After conducting our review, USCIS has determined that additional information is required to ensure that the Regional Center is continuing to promote economic growth pursuant to 8 C.F.R. § 204.6(m)(6).

II. Request for Information

According to 8 C.F.R. § 204.6(m)(6),

¹¹ See <http://www.sec.gov/litigation/complaints/2016/comp-pr2016-69.pdf>, p. 3.

¹² Ibid., p. 7.

¹³ See <http://www.vnews.com/Seldon-Technologies-lawsuit-claims-EB-5-via-program-financial-mismanagement-at-former-water-filtration-device-maker-2468881>.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ See [http://www.vnews.com/Jury-awards-former-Seldon-Technologies-employee-\\$400-000-in-malfeasance-lawsuit-3201629](http://www.vnews.com/Jury-awards-former-Seldon-Technologies-employee-$400-000-in-malfeasance-lawsuit-3201629).

[t]o ensure that regional centers continue to meet the requirements of section 610(a) of the Appropriations Act, a regional center must provide USCIS with updated information to demonstrate the regional center is continuing to promote economic growth, improved regional productivity, job creation, or increased domestic capital investment in the approved geographic area. Such information must be submitted to USCIS on an annual basis, on a cumulative basis, and/or as otherwise requested by USCIS, using a form designated for this purpose. USCIS will issue a notice of intent to terminate the participation of a regional center in the [Program] if a regional center fails to submit the required information or upon a determination that the regional center no longer serves the purpose of promoting economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment.

As explained in the Form I-924A instructions, the information collected through the Form I-924A permits USCIS to determine whether a regional center continues to serve the purposes of the Program. The regulations, as well as the I-924A form instructions, further indicate that USCIS may request more information or evidence. Accordingly, USCIS issues this request. In response to this notice, while not required, it may be helpful to provide a cover letter that acts as an executive summary, followed by a table of contents with sections that are tabbed at the bottom of the page.

Thus, please provide the following information and responses to these questions:

- In light of the new information that has come out since your FY2015 I-924A was submitted, please provide corrections, if needed, to the information supplied on that form by submitting a new FY2015 I-924A with the corrected information. (The corrected information should be highlighted and anything previously incorrect should be identified.) For example, your I-924A states that EB-5 investors invested \$17.5 million in ANC Bio Vermont GP Services, LLC. However, the Vermont complaint claims that EB-5 funds were transferred away from this entity for other purposes, including Ariel Quiros misusing and misappropriating some funds.¹⁷ Thus, should this \$17.5 million figure be corrected, and is any explanation needed in the I-924A with regards to this?

In addition, if any of the I-924A Forms prior to FY2015 need to be corrected, please supply them in a similar fashion.

- In light of the new information that has come out since your FY2015 I-924A was submitted, please provide an interim I-924A *for the period from December 24, 2015 (i.e., when that form was supplied to us) – Present.*

¹⁷ See

<http://www.dfr.vermont.gov/sites/default/ext/sl/dev/docs/State%20v.%20Quiros%20et.%20al.%20COMPLAINT%20SIGNED%20&%20FILED.pdf>, p. 33.

- The prior section (page 3) mentioned how the SEC and Vermont complaints allege various ways in which over \$250 million of EB-5 investors' funds were misused and/or misappropriated. Thus, how much of EB-5 investors' capital (i.e., each one contributed \$500,000) is now unavailable for actual EB-5 projects? Please delineate the source/components of the total. For any such capital now unavailable for actual EB-5 projects, are there any New Commercial Enterprises (NCEs) and projects which consequently now have a shortage of funds? If so, (1) please name them, (2) what is the amount of the shortage for each, and (3) what is the total project cost for each project with such a shortage?
- Please provide financial information which demonstrates whether each of the following entities have the ability (and resources) to ensure the Regional Center can continue to promote economic growth (including effectively run its affairs), particularly in light of the information that has been made public through the SEC and Vermont complaints: (1) the VACCD, and (2) all NCEs and Job Creating Entities (JCEs) associated with any projects connected to your regional center that have not yet been completed. (This would *inter alia* include any projects that are planned, but have not yet gotten underway, such as the facility associated with Jay Peak Biomedical Research Park, L.P.) If available, your response should include financial and/or bank statements, plus any other information which will address this.
- With regards to the biomedical facility project associated with Jay Peak Biomedical Research Park, L.P., the previous section mentioned the SEC and Vermont complaints' allegations that the project had incurred various misrepresentations, funding issues, and schedule problems. (See p. 3-4 above.) Given these alleged misrepresentations and funding and schedule problems, do you realistically expect this project to proceed and be undertaken? Please provide sufficient detail with regards to your response. Also, do you still intend to raise additional funds for this project and if so, why, and how much?
- As noted above in the Background section, the SEC complaint mentioned that the Stateside Phase VI (EB-5) offering was fully subscribed, but the Defendants have only built the hotel. Given that the full EB-5 funding was obtained, but much work remains to be done (i.e., on the vacation rental cottages, a guest recreation center, and a medical center), do you realistically anticipate the hotel to open for operations and the other facilities to be built? Do you expect there to be sufficient job creation to support Form I-829 (i.e., permanent residence status) approvals for all the EB-5 investors, or if not, for how many? How many jobs do you expect this project to create (i.e., for EB-5 job creation purposes)?
- The prior section also discussed recent court judgments in favor of Linda West against Seldon Technologies. (See page 4.) If you have any further information on this beyond what is noted in the articles referred to above, please provide that. In terms of her claims and the judgments mentioned in the articles, do you believe that EB-5 funds at Seldon were indeed used for purposes other than job creation, and if so, how much? Please explain.

According to USCIS records, 7 EB-5 investors in this project are currently awaiting our adjudication of their Form I-829 petitions for permanent residence status, 2 I-829s have been

approved, and 1 EB-5 investor has not yet submitted his/her I-829 Form yet (although his/her I-526 Form was approved). Given that (1) Seldon has shut down, as noted in your FY 2015 I-924A submission¹⁸, and (2) these court decisions, how many jobs were created by this project (i.e., for EB-5 job creation purposes)? Please explain with sufficient detail so that we can understand your view.

- With regards to all EB-5 investors whose funds were alleged to be misused or misappropriated (as described in detail above), have they been informed of this by VACCD, the Receiver (Michael Goldberg), or anyone else connected to your regional center? If so, by whom and when?
- According to our records with regards to your regional center, USCIS received the most recent Form I-526 petitions filed by alien investors under Jay Peak Biomedical Research Park, L.P. and Q Burke Mountain Resort, Hotel and Conference Center, L.P. on April 18, 2016 and May 24, 2016, respectively. Please indicate when the Regional Center became aware of the alleged diversion of investors' funds in relation to (1) any investigative action(s) taken¹⁹, and (2) the Regional Center's marketing activities for the projects. Please provide evidence regarding what steps, if any, the Regional Center takes to engage in monitoring and oversight of the projects that it sponsors.
- Additionally, in light of the SEC and Vermont complaints and other information that has come out since your FY2015 I-924A was submitted, please provide evidence regarding what new steps, if any, the Regional Center has taken or plans to take in monitoring and oversight of the projects that are subject of the complaints discussed above.
- Are there any other problems and issues, in addition to those noted above, that could adversely affect your Regional Center's ability to continue to promote economic growth and create jobs, as well as effectively administer the Regional Center's affairs (including monitoring the NCEs, JCEs, and financial flows involved)?

III. Conclusion

USCIS requests that the Regional Center provide the additional information and evidence specified above. If the Regional Center fails to submit such additional information and evidence, USCIS will issue a notice of intent to terminate the Regional Center's participation in the Program.

Thank you for your time.

¹⁸ With regards to the Seldon Technologies (SWCP, LP) project, your FY15 I-924A reads, "On September 28, 2015, Seldon underwent an orderly shutdown of all its operations. Consequently, all employees were laid-off indefinitely and an auction of intellectual and personal property followed."

¹⁹ This includes, but is not limited to, actions by law enforcement and regulatory agencies, to include the Vermont Department of Financial Regulation.

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Monday, August 29, 2016 2:21 PM
To: Springer, Darren; Allen, Susan
Subject: Confidential Attorney Client privilege
Attachments: 1163_001.pdf

Apologies for length of this document, but as I get through I realize you two should probably see as well. This is the USCIS request of our Regional Center for more information in light of various filings and public information regarding both Jay Peak and Seldon projects. The lawyers are meeting tomorrow. So far there is an initial determination that the USCIS request for information may be public. I expect it will be misleading to release only the questions and not some of the answers. For example, it is critical to highlight (again) that Burke is not a defendant in the case, as in done in the written answers as opposed to the questions. The lawyers are meeting tomorrow afternoon on this, and our public records deadline for both the press and project (Stowe Aviation) asking for this document is Friday. Happy to chat at any point. Likely helpful for me to connect with one or both of you before the afternoon meeting tomorrow. Thanks very much.

From: Moulton, Pat
Sent: Friday, August 26, 2016 9:58 AM
To: London, Sarah <Sarah.London@vermont.gov>; Griffin, Bill <bill.griffin@vermont.gov>
Subject: Confidential Attorney Client privilege.

Good morning Sarah and Bill,
Attached please find our response to the RFI from USCIS. There could be one change, I noticed the MOU between DFR and ACCD on attachment A is not the final signed copy so we will be sending the final signed to USCIS.
Pat

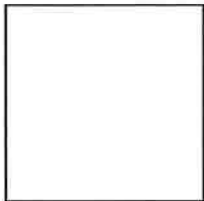
PLEASE NOTE: my new email pat.moulton@vermont.gov
Patricia Moulton, Secretary
Agency of Commerce and Community Development
One National Life Drive
Deane C. Davis Bldg., 6th Floor
Montpelier, VT 05620-0501
802-451-9578

From: O'Neil, Allison [<mailto:Allison.ONeil@lockelord.com>]
Sent: Thursday, August 25, 2016 2:03 PM
To: Kessler, John <John.Kessler@vermont.gov>; St. Onge, Walter <Walter.StOnge@lockelord.com>; Moulton, Pat <Pat.Moulton@vermont.gov>; Goldstein, Joan <Joan.Goldstein@vermont.gov>; Leriche, Lucy <Lucy.Leriche@vermont.gov>; Pieciak, Michael <Michael.Pieciak@vermont.gov>; Purinton, Tyler <Tyler.Purinton@vermont.gov>; John W. Kessler - State of Vermont (jk67vt@gmail.com) <jk67vt@gmail.com>; Whitehouse, James <James.Whitehouse@vermont.gov>; Keller, Stanley <Stanley.Keller@lockelord.com>
Subject: Final version with attachments

Hi everyone,
Our hand delivery is ready to go. Attached is the final version with attachments. Please let me know if you have any changes in the next few minutes.

Thanks,
Allison

Allison O'Neil
Partner
Locke Lord LLP
617.239.0729 Direct



Atlanta | Austin | Boston | Chicago | Cincinnati | Dallas | Hartford | Hong Kong | Houston | Istanbul | London | Los Angeles | Miami |
Morristown | New Orleans | New York | Providence | Sacramento | San Francisco | Stamford | Tokyo | Washington DC | West Palm Beach

For more information visit www.lockelord.com

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Q Burke Mountain Resort and Conference Center LP

Overview of Evidence

Q Burke Private Placement Memorandum: Business Plan Page 13 - Dated June 14, 2013

Q BURKE ALL SUITE HOTEL & CONFERENCE CENTER				
SOURCE OF FUNDS			See Offering Memorandum Risk Factors: "Forward looking Statements"	
Total Project Cost			\$ 104,700,000.00	
TOTAL INVESTOR FUNDS *			\$98,000,000	
TOTAL SPONSOR FUNDS				\$6,700,000
* LIMITED PARTNERSHIP INTERESTS; MINIMUM INVESTMENT \$500,000; TOTAL \$98,000,000			Investor Funds	Sponsor Funds
HOTEL & CONFERENCE CENTER			\$48,695,000	\$3,155,000
	Sq.ft	Est. Cost sq ft		
TOTAL GROSS ESTIMATED # SQ. FT	180,000			
TOTAL OF 112 SUITES AND COMMON AREA	107,000	\$294	\$31,458,000	
UNDERGROUND PARKING	12,000	\$130	\$ 1,560,000	
SHELL COMMERCIAL SPACE	61,000	\$257	\$15,677,000	
COMMERCIAL SPACE BUILD OUT	61,000	\$ 52		\$3,155,000
SUB-TOTAL HOTEL BUILD OUT			\$48,695,000	\$3,155,000
ANCILLARY RESORT ACTIVITY PROJECTS				
TENNIS FACILITY			\$10,200,000	
AQUATIC CENTER			\$12,350,000	
MOUNTAIN BIKE PARK			\$4,400,000	\$775,000
SUB-TOTAL PROJECT BUILD COSTS			\$75,645,000	\$3,930,000
UTILITIES AND COMMON AREA INFRASTRUCTURE			\$3,356,000	\$1,400,000
CONSTRUCTION SUPERVISION	15%		\$11,346,750	
CONTINGENCIES -	5%		\$3,782,250	
HOTEL ARCHITECT & DESIGN FEES			\$1,400,800	
LAND -			\$2,470,000	\$1,370,000

Overview of the case against Q Burke Mountain Resort and Conference Center LP (“Q Burke”)

- Misrepresentations in the private placement memorandum regarding the Sponsor’s / Resort Owner’s (Q Burke Mountain Resorts LLC) planned contribution to the Q Burke Project
- Use of Q Burke investor funds to pay an invoice for another project
- Q Burke failure to abide by the refund representations in the private placement memorandum

Q Burke PPM and Amended PPM: Business Plan Page 9

The Q Burke Mountain Resort, Hotel and Conference Center, L.P. Project will be the first phase of a multi-year master plan development to occur within Burke Mountain, an Alpine and Nordic ski complex established for over 50 years. The plan is to develop and construct two (2) connected five (5) floor buildings to incorporate 112 new luxury lodging units.

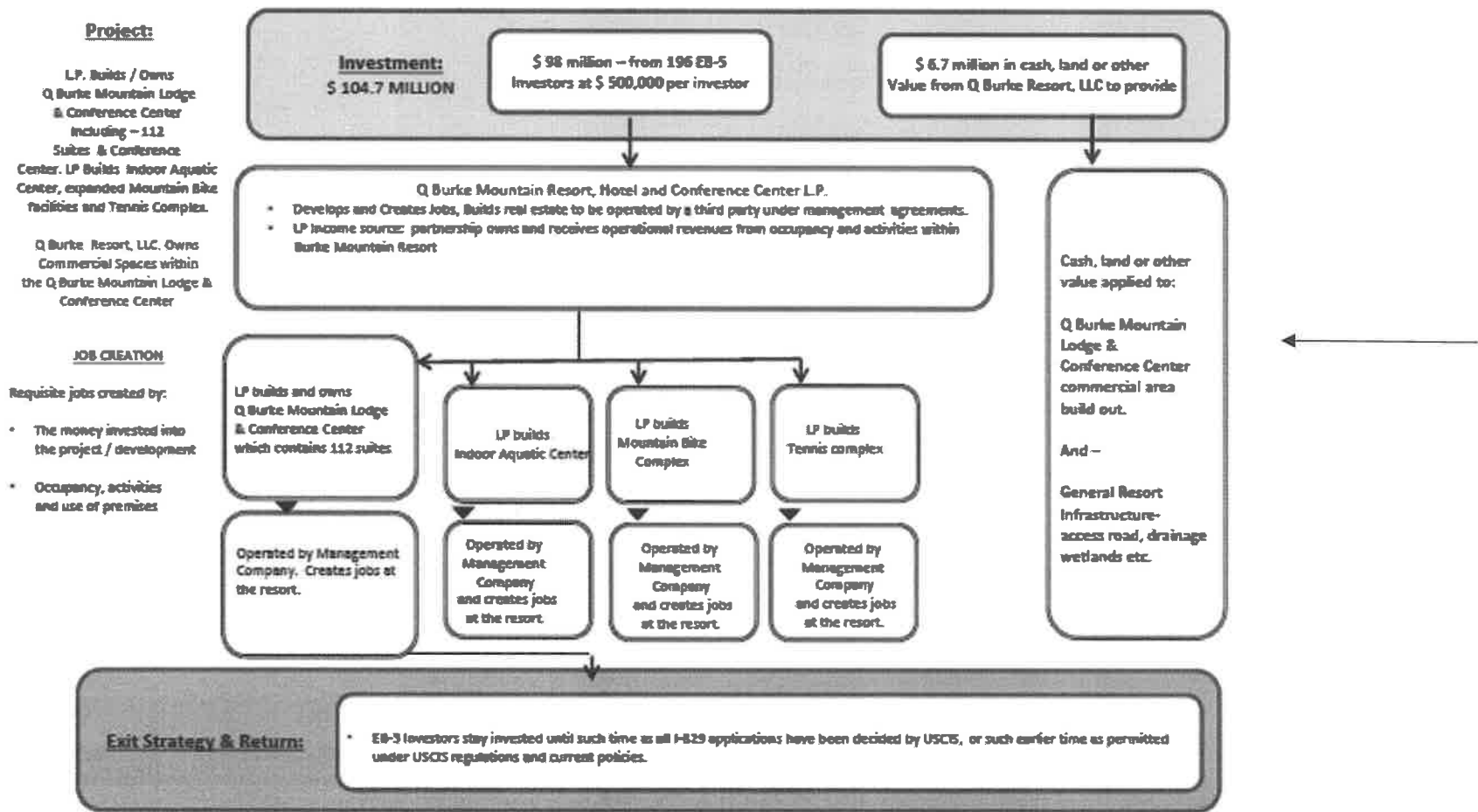
→ Within the two five story hotel towers and two story central connecting “hub”, the Resort Owner will build out the commercial and service space to provide additional guest services, food and beverage outlets, retail outlets and recreational facilities. The Hotel and Commercial Service Unit will comprise a three-unit condominium association. The Limited Partnership will own the Hotel and the Resort Owner will own the Commercial Service Unit.

A stay at Q Burke Mountain Resort, Hotel and Conference Center will be a unique New England Ski Resort experience. Spacious accommodations will include studio, one and two bedroom units. Well-appointed with tasteful alpine décor, the resort will offer some of the finest lodging options in the region.



Q Burke PPM and Amended PPM: Business Plan Page 17

Q Burke Mountain Resort, Hotel and Conference Center L.P.– Structure of Operations



Q Burke Private Placement Memorandum: Business Plan Page 13 - Dated June 14, 2013

Q BURKE ALL SUITE HOTEL & CONFERENCE CENTER				
SOURCE OF FUNDS			See Offering Memorandum Risk Factors: "Forward looking Statements"	
Total Project Cost			\$ 104,700,000.00	
TOTAL INVESTOR FUNDS *			\$98,000,000	
TOTAL SPONSOR FUNDS			\$6,700,000	
* LIMITED PARTNERSHIP INTERESTS; MINIMUM INVESTMENT \$500,000; TOTAL \$98,000,000			Investor Funds	Sponsor Funds
HOTEL & CONFERENCE CENTER			\$48,695,000	\$3,155,000
	Sq.ft	Est. Cost sq ft		
TOTAL GROSS ESTIMATED # SQ. FT	180,000			
TOTAL OF 112 SUITES AND COMMON AREA	107,000	\$294	\$31,458,000	
UNDERGROUND PARKING	12,000	\$130	\$ 1,560,000	
SHELL COMMERCIAL SPACE	61,000	\$257	\$15,677,000	
COMMERCIAL SPACE BUILD OUT	61,000	\$ 52		\$3,155,000
SUB-TOTAL HOTEL BUILD OUT			\$48,695,000	\$3,155,000
ANCILLARY RESORT ACTIVITY PROJECTS				
TENNIS FACILITY			\$10,200,000	
AQUATIC CENTER			\$12,350,000	
MOUNTAIN BIKE PARK			\$4,400,000	\$775,000
SUB-TOTAL PROJECT BUILD COSTS			\$75,645,000	\$3,930,000
UTILITIES AND COMMON AREA INFRASTRUCTURE			\$3,356,000	\$1,400,000
CONSTRUCTION SUPERVISION	15%		\$11,346,750	
CONTINGENCIES -	5%		\$3,782,250	
HOTEL ARCHITECT & DESIGN FEES			\$1,400,800	
LAND -			\$2,470,000	\$1,370,000

Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

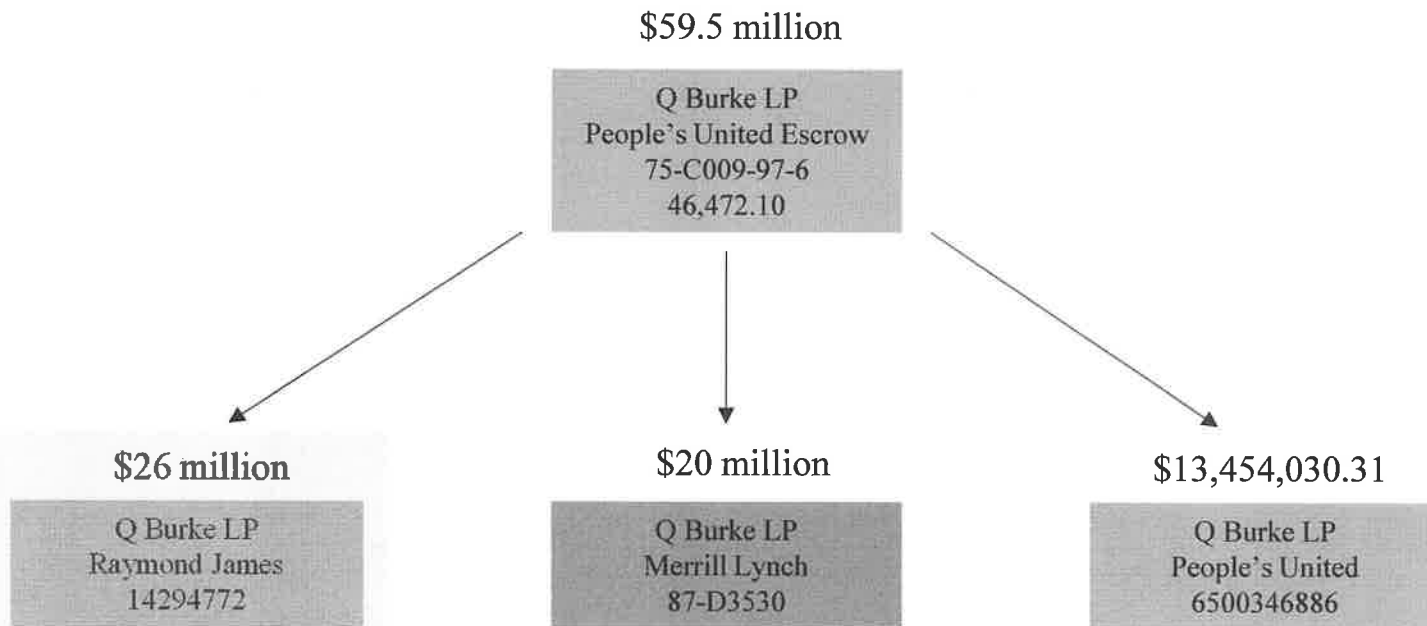
September 30, 2013 - January 31, 2016

- **\$59.5 million** representing 119 investors are disbursed from escrow account to three separate Q Burke LP operating accounts:
 1. Raymond James Acct. No. 28847674
 2. Merrill Lynch Acct No. 87-D3530
 3. People's United Acct. No. 6500346886

Q Burke LP
People's United Escrow
75-C009-97-6

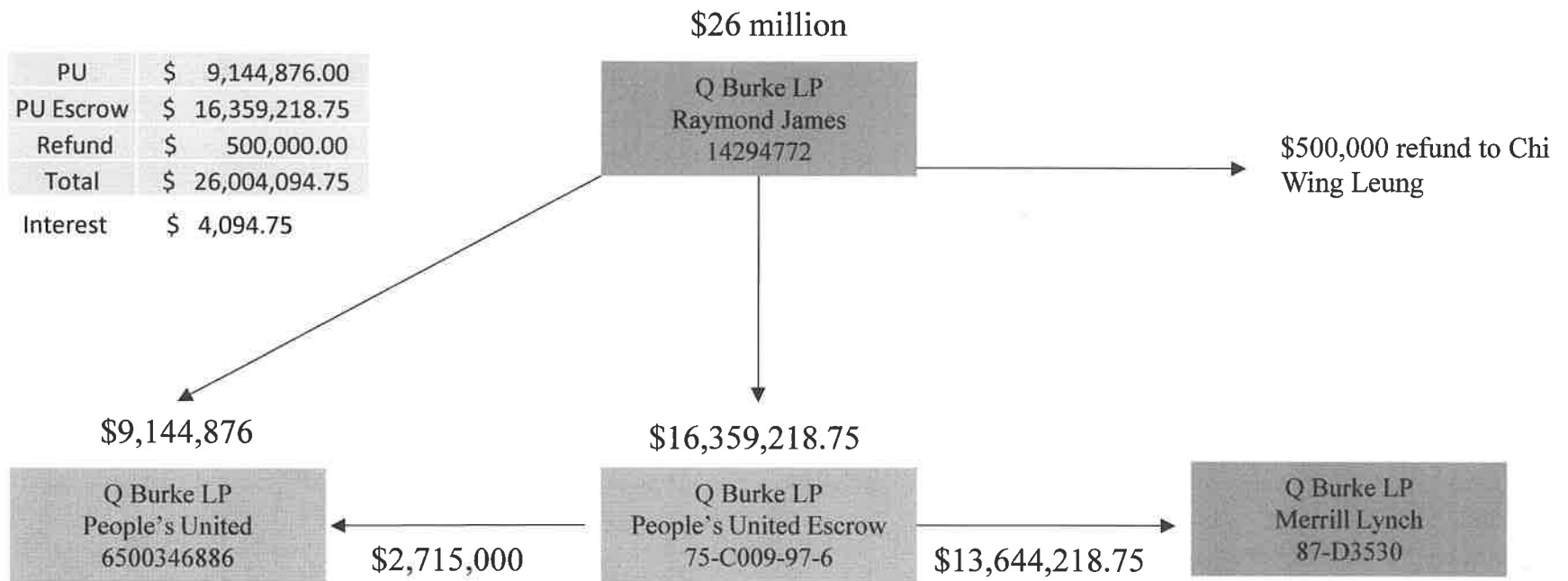
Overview of Evidence

Q Burke Mountain Resort and Conference Center LP



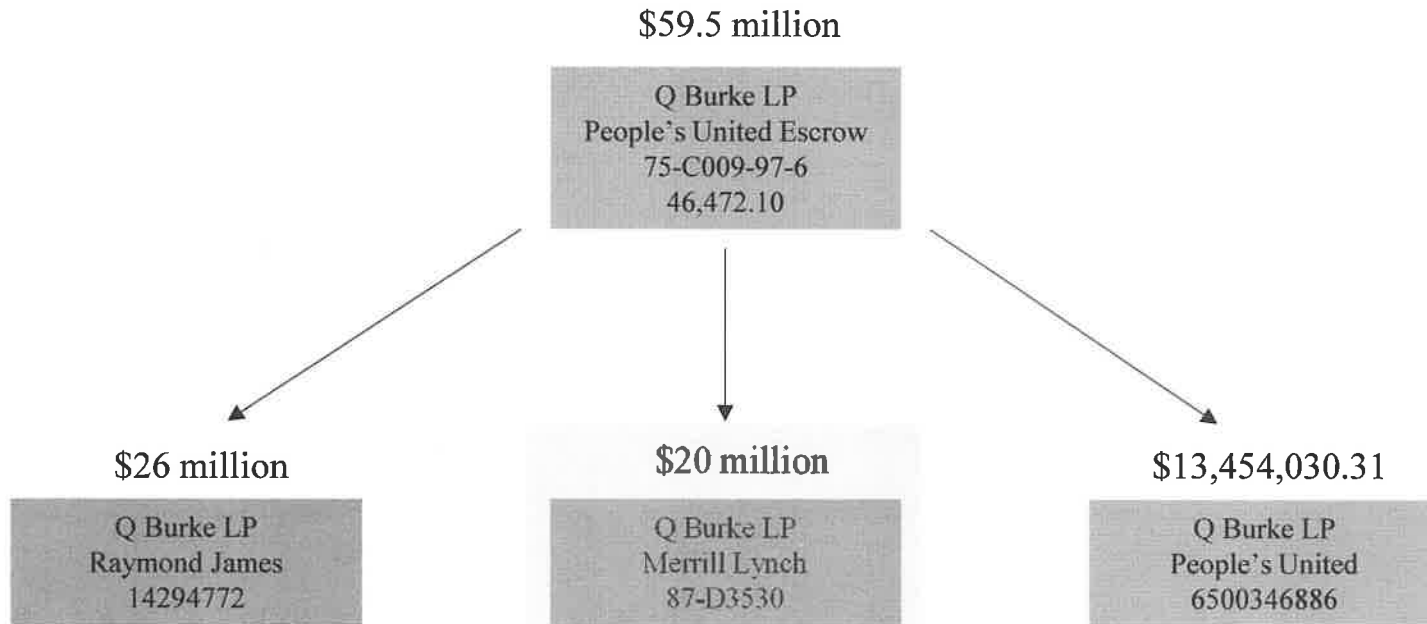
Overview of Evidence

Q Burke Mountain Resort and Conference Center LP



Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

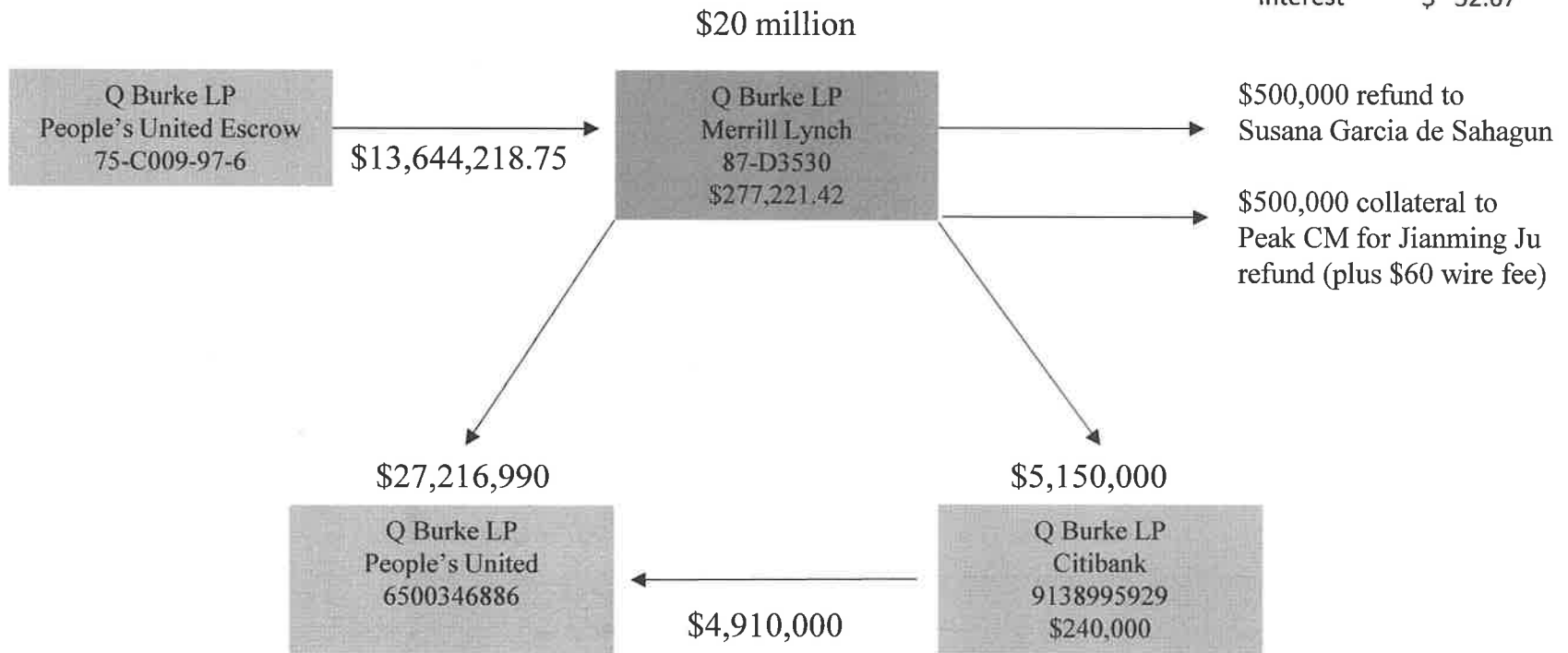


Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

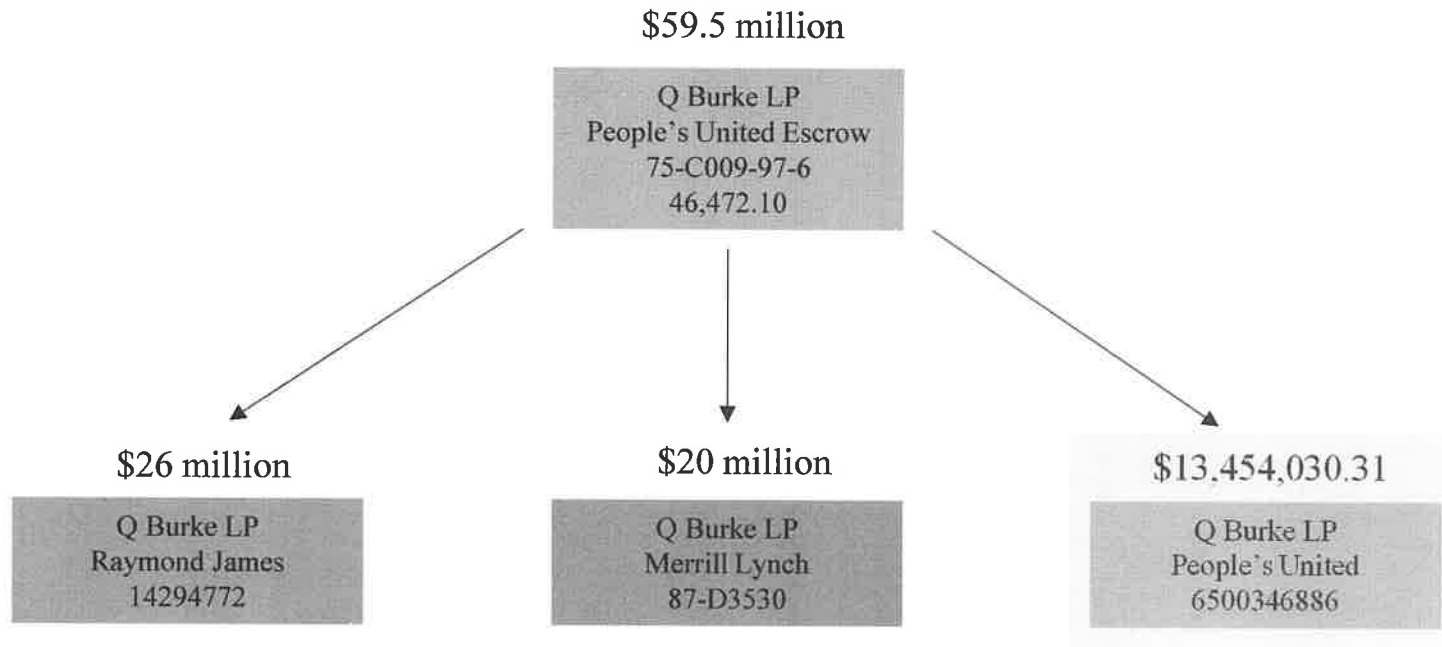
PU Escrow	\$ 13,644,218.75
PU	\$ 20,000,000.00
Total	\$ 33,644,218.75

Balance	\$ 277,221.42
PU	\$ 27,216,990.00
CB	\$ 5,150,000.00
Refunds	\$ 1,000,060.00
Total	\$ 33,644,255.13
Interest	\$ 52.67



Overview of Evidence

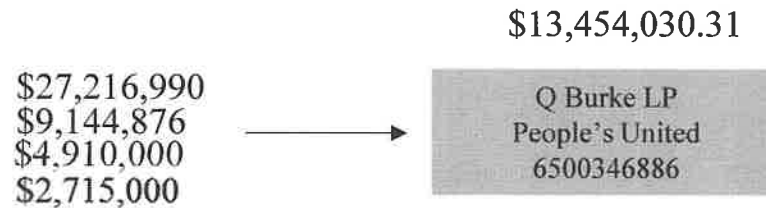
Q Burke Mountain Resort and Conference Center LP



Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

PU	\$ 13,454,030.31
ML	\$ 27,216,990.00
PU	\$ 9,144,876.00
CB	\$ 4,910,000.00
PU	\$ 2,715,000.00
To PU	\$ 57,440,896.31



Overview of Evidence
 Q Burke Mountain Resort and Conference Center LP

Accounting of Q Burke Investor Funds

Total to PU	\$ 57,440,896.31
RJ Refund	\$ 500,000.00
ML Refund	\$ 500,000.00
CB Balance	\$ 240,000.00
ML Balance	\$ 777,265.13
Escrow Balance	46,472.10
Total	\$ 59,504,633.54
RJ Interest	\$ (4,094.75)
ML Interest	\$ (36.38)
Escrow Interest	\$ (502.41)
Total	\$ 59,500,000.00

Note: In addition to the Q Burke investor funds, the Q Burke People’s United account received a net amount of \$27,063.59 from the Q Burke Mountain Resort.

Overview of Evidence
 Q Burke Mountain Resort and Conference Center LP

Construction of Hotel

Contract	\$ 50,980,643.00
Overages	\$ 240,545.00
Retainage	\$ 45,000.00
Total	\$ 51,266,188.00

 **AIA Document A133™ – 2009 Exhibit A**

Guaranteed Maximum Price Amendment

STIPULATED SUM AMENDMENT

for the following **PROJECT**:
(Name and address or location)

Q Burke Mountain Resort Hotel & Conference Center
 Burke Mountain Ski Area
 East Burke, VT 05832

THE OWNER:
(Name, legal status and address)

Q Burke Mountain Resort, LLC
 Domiciled in East Burke, VT

THE CONSTRUCTION MANAGER:
(Name, legal status and address)

PeakCM, LLC
 450 Weaver Street, Suite #3
 Winooski, Vermont 05404
 (T) 802-988-1092
 (F) 802-988-1093
 jpdavis@peakcm.com

ADDITIONS AND DELETIONS:
 The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed. A vertical line in the left margin of this document indicates where the author has added necessary information and where the author has added to or deleted from the original AIA text.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

AIA Document A201™-2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

ARTICLE A.1

§ A.1.1 Contract Sum

Pursuant to Section 2.2.10 of the Agreement, the Owner and Construction Manager hereby amend the Agreement to establish a stipulated sum Contract Sum with a Contingency as defined below..

§ A.1.1.1 The Contract Sum is Fifty Million Nine Hundred Eighty Thousand Six Hundred Forty-Three dollars (\$ 50,980,643), subject to additions and deductions by Change Order as provided in the Contract Documents.

§ A.1.1.2
(Paragraphs deleted)
 [Not Used]

§ A.1.1.3 The Contract Sum is based on the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:
(State the numbers or other identification of accepted alternates. If the Contract Documents permit the Owner to accept other alternates subsequent to the execution of this Amendment, attach a schedule of such other alternates showing the amount for each and the date when the amount expires.)

See A.1.1.9

(1263228926)


Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

Construction of Hotel

Pre-construction			Construction		
12/12/2012	\$ 87,886.00	1	9/30/2013	\$ 43,130.00	1
1/10/2013	\$ 108,887.00	2	10/31/2013	\$ 40,683.00	2
2/11/2013	\$ 208,099.00	3	11/30/2013	\$ 37,421.00	3
3/4/2013	\$ 276,201.00	4	4/30/2014	\$ 200,000.00	4
3/29/2013	\$ 268,719.00	5	5/31/2014	\$ 200,000.00	5
5/6/2013	\$ 217,469.00	6	6/30/2014	\$ 515,000.00	6
5/31/2013	\$ 105,549.00	7	7/31/2014	\$ 593,664.00	7
7/1/2013	\$ 108,772.00	8	8/31/2014	\$ 1,419,091.00	8
8/5/2013	\$ 65,162.00	9	9/30/2014	\$ 1,485,744.00	9
9/5/2013	\$ 61,998.00	10	10/31/2014	\$ 2,574,128.00	10
10/7/2013	\$ 28,125.00	11	11/30/2014	\$ 3,289,360.00	11
10/31/2013	\$ 28,125.00	12	12/31/2014	\$ 3,016,736.00	12
11/30/2013	\$ 28,125.00	13	1/31/2015	\$ 3,710,400.00	13
1/6/2014	\$ 28,125.00	14	2/28/2015	\$ 2,877,637.00	14
2/3/2014	\$ 28,125.00	15	3/31/2015	\$ 2,244,228.00	15
3/3/2014	\$ 28,125.00	16	4/30/2015	\$ 2,882,231.00	16
4/1/2014	\$ 28,125.00	17	5/31/2015	\$ 3,021,856.00	17
4/10/2014	\$ (28,125.00)	18	6/30/2015	\$ 3,772,745.00	18
6/30/2014	\$ 9,007.00	19	7/31/2015	\$ 3,521,137.00	19
7/31/2014	\$ 49,762.00	20	8/31/2015	\$ 3,095,879.00	20
8/31/2014	\$ 30,553.00	21	9/30/2015	\$ 3,518,271.00	21
10/1/2014	\$ 46,774.00	22	10/31/2015	\$ 2,974,176.00	22
10/31/2014	\$ 40,039.00	23	11/30/2015	\$ 2,943,671.00	23
11/30/2014	\$ 16,763.00	24	12/31/2015	\$ 3,198,994.00	24
12/31/2014	\$ 33,701.00	25	Retanage	\$ 45,000.00	
1/31/2015	\$ 20,437.00	26	Total	\$ 51,221,182.00	
2/28/2015	\$ 30,403.00	27			
3/31/2015	\$ 10,047.00	28			
4/30/2015	\$ 11,668.00	29			
5/31/2015	\$ 8,557.00	30			
6/30/2015	\$ 8,245.00	31			
7/31/2015	\$ 11,089.00	32			
8/31/2015	\$ 7,549.00	33			
9/30/2015	\$ 8,973.00	34			
10/31/2015	\$ 11,813.00	35			
12/1/2015	\$ 13,389.00	36			
Total	\$2,046,261.00				

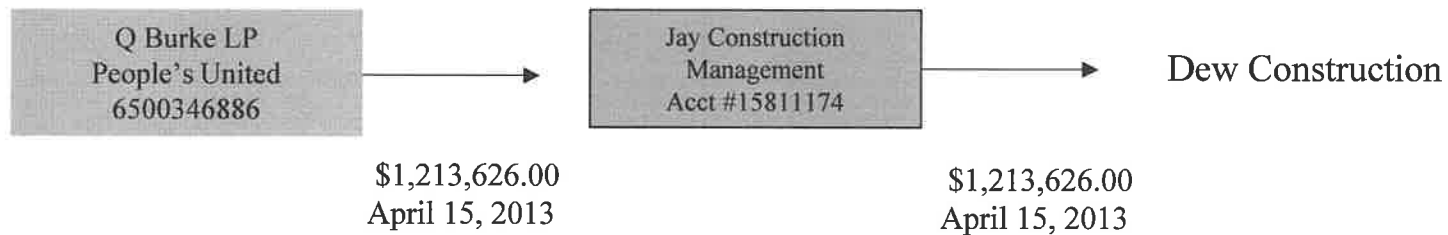
Q Burke Private Placement Memorandum: Business Plan Page 13 - Dated June 14, 2013

Q BURKE ALL SUITE HOTEL & CONFERENCE CENTER			
SOURCE OF FUNDS		See Offering Memorandum Risk Factors: "Forward looking Statements"	
Total Project Cost		\$ 104,700,000.00	
TOTAL INVESTOR FUNDS *		\$98,000,000	
TOTAL SPONSOR FUNDS		\$6,700,000	
* LIMITED PARTNERSHIP INTERESTS; MINIMUM INVESTMENT \$500,000; TOTAL \$98,000,000		Investor Funds	Sponsor Funds
HOTEL & CONFERENCE CENTER		\$48,695,000	\$3,155,000
	Sq.ft	Est. Cost sq ft	
TOTAL GROSS ESTIMATED # SQ. FT	180,000		
TOTAL OF 112 SUITES AND COMMON AREA	107,000	\$294	\$31,458,000
UNDERGROUND PARKING	12,000	\$130	\$ 1,560,000
SHELL COMMERCIAL SPACE	61,000	\$257	\$15,677,000
COMMERCIAL SPACE BUILD OUT	61,000	\$ 52	\$3,155,000
SUB-TOTAL HOTEL BUILD OUT			\$48,695,000
ANCILLARY RESORT ACTIVITY PROJECTS			
TENNIS FACILITY			\$10,200,000
AQUATIC CENTER			\$12,350,000
MOUNTAIN BIKE PARK			\$4,400,000
SUB-TOTAL PROJECT BUILD COSTS			\$75,645,000
UTILITIES AND COMMON AREA INFRASTRUCTURE			\$3,356,000
CONSTRUCTION SUPERVISOR 15%			\$11,346,750
CONTINGENCIES - 5%			\$3,782,250
HOTEL ARCHITECT & DESIGN FEES			\$1,400,800
LAND -			\$2,470,000
			\$1,370,000

Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

Use of Q Burke investor funds to pay an invoice for another project



Attention: Mr. Joel Burstein
Raymond James & Associates

Date: April 15th, 2014

Subject: Wire Transfer

Joel,

Please transfer funds from Jay Construction Management Raymond James account # 15811174 to:

Bank Name: Northfield Savings Bank
33 South Main St Northfield VT 05663
802.485.5871

ABA #: 211672683

Beneficiary: DEW Construction Corporation

Beneficiary Account #: 6220009101

Amount: \$ 1,213,626.00 (on account)

Purpose: JCM Jay Peak Lodge & Townhouses LP and Jay Peak Hotel Suites
Stateside LP

Q Burke Private Placement Memorandum: Business Plan Page 13 - Dated June 14, 2013

Q BURKE ALL SUITE HOTEL & CONFERENCE CENTER				
SOURCE OF FUNDS			See Offering Memorandum Risk Factors: "Forward looking Statements"	
Total Project Cost			\$ 104,700,000.00	
TOTAL INVESTOR FUNDS *			\$98,000,000	
TOTAL SPONSOR FUNDS				\$6,700,000
* LIMITED PARTNERSHIP INTERESTS; MINIMUM INVESTMENT \$500,000; TOTAL \$98,000,000			Investor Funds	Sponsor Funds
HOTEL & CONFERENCE CENTER			\$48,695,000	\$3,155,000
	Sq.ft	Est. Cost sq ft		
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AQUATIC CENTER			\$12,350,000	
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CONSTRUCTION SUPERVISION	15%		\$11,346,750	
CONTINGENCIES -	5%		\$3,782,250	
HOTEL ARCHITECT & DESIGN FEES			\$1,400,800	
LAND -			\$2,470,000	\$1,370,000

Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

Anticipated defense to use of Q Burke investor funds to pay an invoice for another project

Row Labels	Sum of Amount
PeakCM	(\$46,862,587.06)
NECS	(\$5,845,363.20)
Land Sale	(\$2,470,000.00)
JCM	(\$1,213,626.00)
Ellen F. Ng	(\$500,000.00)
Quiros Controlled Entity	(\$434,550.02)
Other Vendors	(\$108,240.39)
Bank Fee	(\$1,441.38)
Q Burke LP Escrow	\$16,169,030.31
Q Burke LP	\$41,271,866.00

Total 15% Fee: \$11,346,750

15% of Work Completed to Date: \$7,029,388.05

Non Q Burke items:

\$1,213,626 – Invoice Payment

\$5,845,363.20 – NECS Fees

\$434,550.02 – Funds to Quiros Entitles

Total: \$7,493,539

Overview of Evidence

Q Burke Mountain Resort and Conference Center LP

Q Burke failure to abide by the refund representations in the private placement memorandum

- **Q Burke Investor Jianming Ju**

Page 29 of PPM:

In the event an investor's I-526 petition is denied at any time, the investor's rights are limited solely to the return of the investor's \$500,000 capital contribution from the Partnership within ninety (90) days of written request therefore to the General Partner. In such case the administration fee will be retained by the Limited Partnership to partially compensate it for its costs incurred to date to develop the Project and prepare and distribute the Offering Memorandum.

- Investor I-526 petition is denied and refunded requested on June 19, 2015; general partner conceded that ninety days is September 16, 2015; and payment not made until November 13, 2015 (funded by Peak CM)

- **Q Burke Investor Pun Sarasas**

- Investor received re-subscription letter on August 18, 2015, notified general partner on September 30, 2015 that he would not re-subscribe and is notified by general partner that \$500,000 investment will be returned on December 31, 2015. Investor has not yet been refunded

State of Vermont
Department of Financial Regulation
Confidential Material

Project Overview prepared by the Securities Division of the Department of
Financial Regulation (the "Department") for the Department's General
Counsel's Office

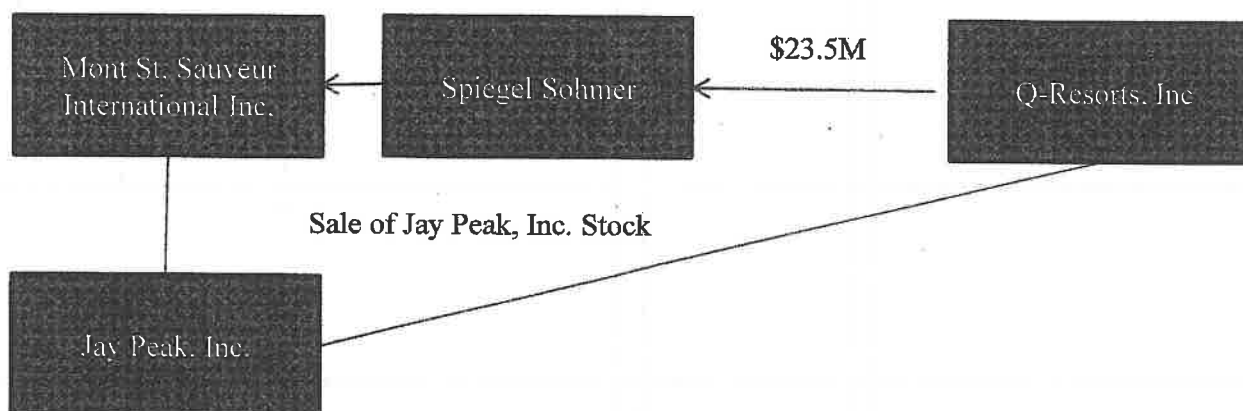
**Subject to: (i) Executive Privilege; (ii) Deliberative Process Privilege;
(iii) Attorney-Client Privilege; and (iv) Attorney-Work Product**

Vermont Department of Financial Regulation



Overview of Jay Peak Ownership

- In 1978, Mont St. Sauveur International Inc. (the “Original Owner”) Purchased Jay Peak, Inc. (“Jay Peak”)
- Since 1984, Bill Stenger has served as president of Jay Peak and Ariel Quiros was a home owner at Jay Peak
- Mr. Stenger contemplated two EB-5 Projects while Jay Peak was under the Original Owners Control
 - Tram House or Phase I - called for the construction of 57-unit hotel estimated to cost \$17,500,000
 - Phase II- called for the construction of a larger 120-unit hotel estimated to cost \$78,500,000
- The Phase I MOU with ACCD is dated December 21, 2006 and the PPM is dated late 2006 to early 2007 (estimated to have project completed by April 2007 – actually opened December 2009).
- The Phase II MOU with ACCD is dated July 29, 2008 and the PPM is dated March 2008 (estimated to have project completed by September 2012 – actually opened in late 2012/early 2013)
- It is the Department’s understanding that both EB-5 Projects were being solicited, and investor money was being escrowed in separate Chittenden Bank/Trust accounts, while Jay Peak was under the Original Owners Control
- On July 2, 2008 the sale of Jay Peak, Inc. to Q-Resorts, Inc. was announced
- The sale price was not disclosed, but the Department understands the initial purchase price to be approximately **\$15M** with subsequent adjustments of approximately **\$8.5M** for an approximate total purchase price of **\$23.5M**

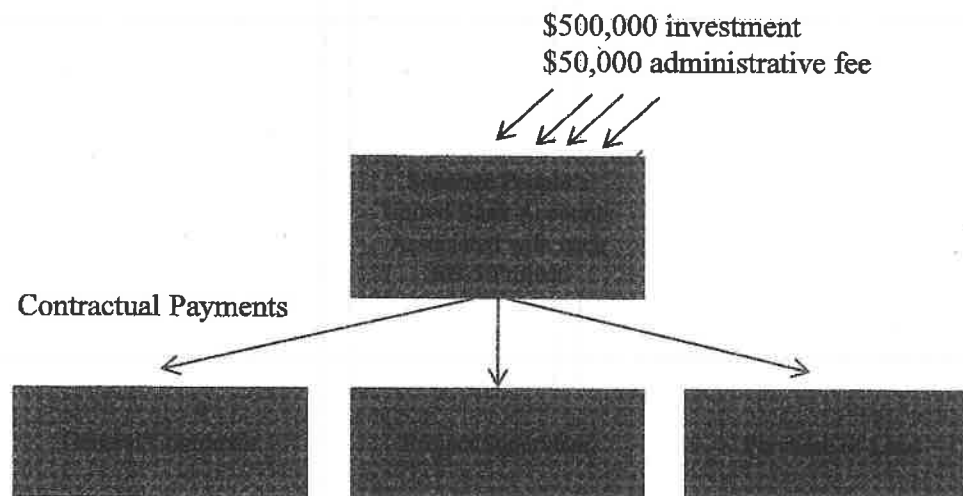


Overview of Jay Peak EB-5 Projects with current MOUs with the State of Vermont

1. **Tram House or Phase One** - A real estate project that raise \$17,500,000 from 35 investors.
2. **Phase Two** - A real estate project that raise \$75,000,000 from 146 investors.
3. **Jay Peak Penthouse Suites** - A real estate project that raised \$33,000,000 from 66 investors.
4. **Jay Peak Golf & Mountain Suites** - A real estate project that raised \$45,000,000 from 90 investors.
5. **Jay Peak Townhouses** - A real estate project that raised \$44,000,000 from 88 investors.
6. **Jay Peak Hotel Suites Stateside** - A real estate project that raised \$66,500,000 from 133 investors.
7. **AnC Bio Vermont** - A biomedical project that raised \$73,500,000 from 147 investors and is currently seeking approval from the Vermont Regional Center to raise an additional \$36,500,000.
8. **Q-Burke Mountain Resort, Hotel and Conference Center** - A real estate project that raised \$17,500,000 from 35 investors and is currently seeking approval from the Vermont Regional Center to raise an additional \$80,500,000.

Overview of Project Bank Accounts

- The Department Understands that each EB-5 Project maintains a separate People's United Bank (formally Chittenden Bank) account in which individual investors wire their \$500,000 investment and \$50,000 administrative fee
- The Department understands that some entities controlled by Mr. Quiros maintain bank accounts in Miami, Florida at HSBC Bank
- The following is an illustration of the disclosed use of funds for a typical Jay Peak, Inc. Project:



Overview of Project Bank and Brokerage Accounts

- Each project and some related parties maintain a sub-layer of Raymond James Accounts as detailed below:

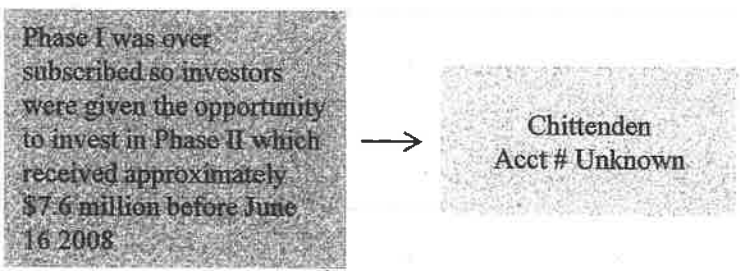
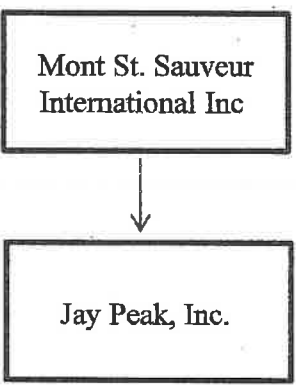
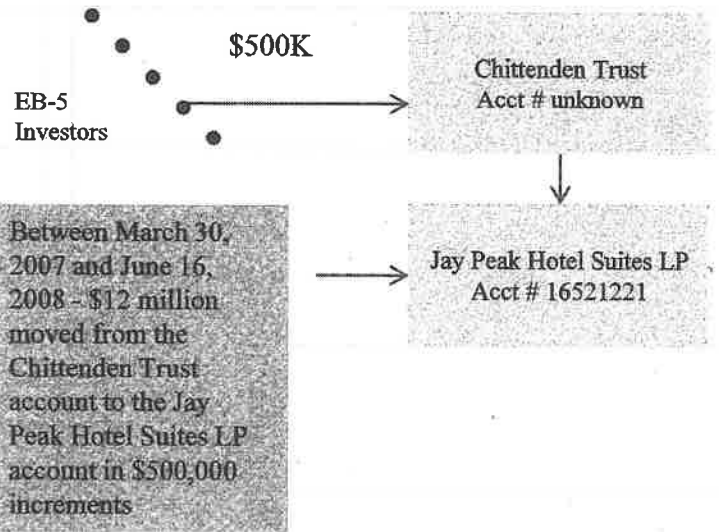
Name	Account Number	Name	Account Number
Q.Resorts Inc	14294772	Quiros ANC BIO GP Jay Peak Bio Med	54128224
GSI of Dade County Inc	60321932	Quiros ANC Bio VT	24504996
Jay Peak Inc	28102589	Quiros Ariel & Ary	60361918
Jay Construction Management Inc LP	15811174	Quiros Ariel & Okcha	60307460
Quiros Stateside	54073066	Q Burke Mtn Res Hotel & Conf Ctr	28847674
Jay Peak Hotel Suites LP (Miami)	60350726	Q.Burke Mountain Resort	28847749
Jay Peak Hotel Suites LP (Vermont)	54040698	Q.Burke Mountain Resort LLC	29209805
Jay Peak Hotel Suites LP 1	54046365	Jay Peak PHS	60379503
Jay Peak Hotel Suites LP 2	54046370	Jay Peak Lodge & Towhouses LP	54071581
Golf & Mountain	54069776	Unknown	54046389

- The Department understands a cross collateralization agreement covered all of the Raymond James Accounts – allowing the account holders to operate phantom accounts whose sole purpose was to incur margin loans and transfer the proceeds to various other operating accounts (i.e. Jay Peak, Inc. and Jay Peak Hotel Suites LP (Miami) each incurred over \$20M dollars of margin loan within the first six months of the accounts opening)
- The Financial Advisor associated with the Raymond James Accounts is Joel Burstein, Jr., husband to Nicole Quiros Burstein, daughter to Ariel Quiros and sister to Ary Quiros
- The Department understands that in December 2014, Raymond James called the outstanding margin and forced the closure of all Raymond Accounts.
- The Department understands that Raymond James funds were transferred to certain brokerage accounts at J.P. Morgan Chase before those accounts were shuttered by the Bank.
- The Department understands that J.P. Morgan Chase funds were transferred to certain brokerage accounts at Merrill Lynch; such accounts are presumably still open.

**Overview of Phase I and Phase II EB-5 Projects
2006 to June 16, 2008**

COLOR KEY

- Red = People's United Account
- Green = Raymond James
- White = Third Party Seller



Bill Stenger and Ariel Quiros Purchase of Jay Peak
• June 20, 2008 Letter to Ariel Quiros and Joel Bernstein

COLOR KEY

- Red = People's United Account
- Green = Raymond James
- White = Third Party Seller

Chittenden Trust
Acct # unknown



Jay Peak Hotel Suites LP
Acct # 16521221



\$8 M -6/16/2008
\$3 M -6/17/2008

Jay Peak Hotel Suites
LP (Vermont I)
Account # 54040698

Spiegel Sohmer



Mont St. Sauveur
International Inc



Jay Peak, Inc.

Jay Peak Hotel Suites
LP (Vermont II)
Acct # 54046389



\$7 M -6/20/2008

Chittenden
Acct # Unknown

Bill Stenger and Ariel Quiros Purchase of Jay Peak

- Q-Resorts - May 16, 2008
- Jay Peak Hotel Suites I LP - June 16, 2008
- Jay Peak Hotel Suites II LP - June 16, 2008

COLOR KEY

- Red = People's United Account
- Green = Raymond James
- White = Third Party Seller

Chittenden Trust
Acct # unknown

Jay Peak Hotel Suites LP
Acct # 16521221

\$8 M -6/16/2008
\$3 M -6/17/2008

Jay Peak Hotel Suites I LP
Phase I
Acct # 54046365

June 16, 2008

Jay Peak Hotel Suites
LP (Vermont I)
Account # 54040698

Q-Resorts
Acct # 14294772

May 16, 2008

Spiegel Sohmer

Mont St. Sauveur
International Inc

Jay Peak, Inc.

Jay Peak Hotel Suites II
Phase II
Acct # 54046370

June 16, 2008

Jay Peak Hotel Suites
LP (Vermont II)
Acct # 54046389

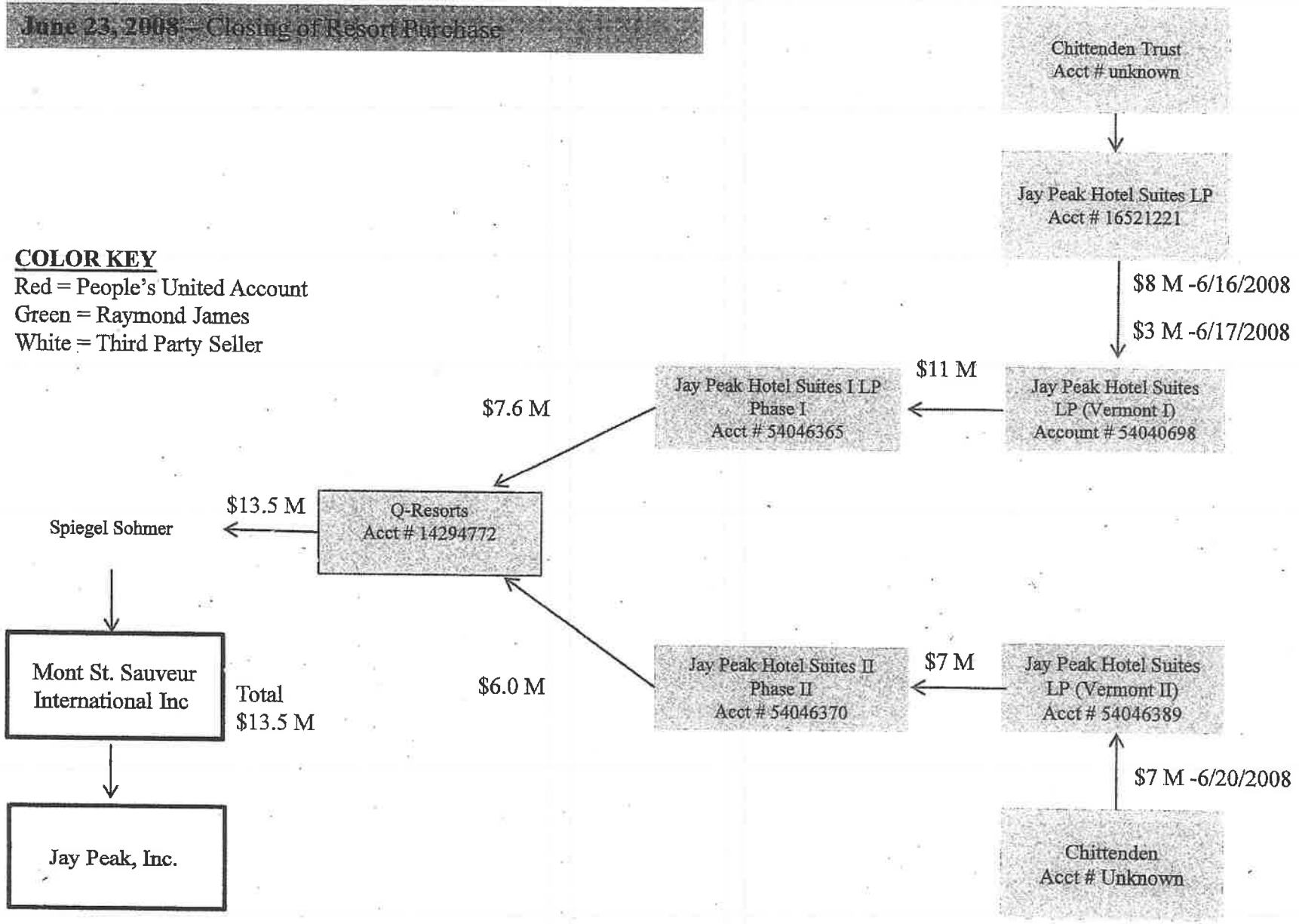
\$7 M -6/20/2008

Chittenden
Acct # Unknown

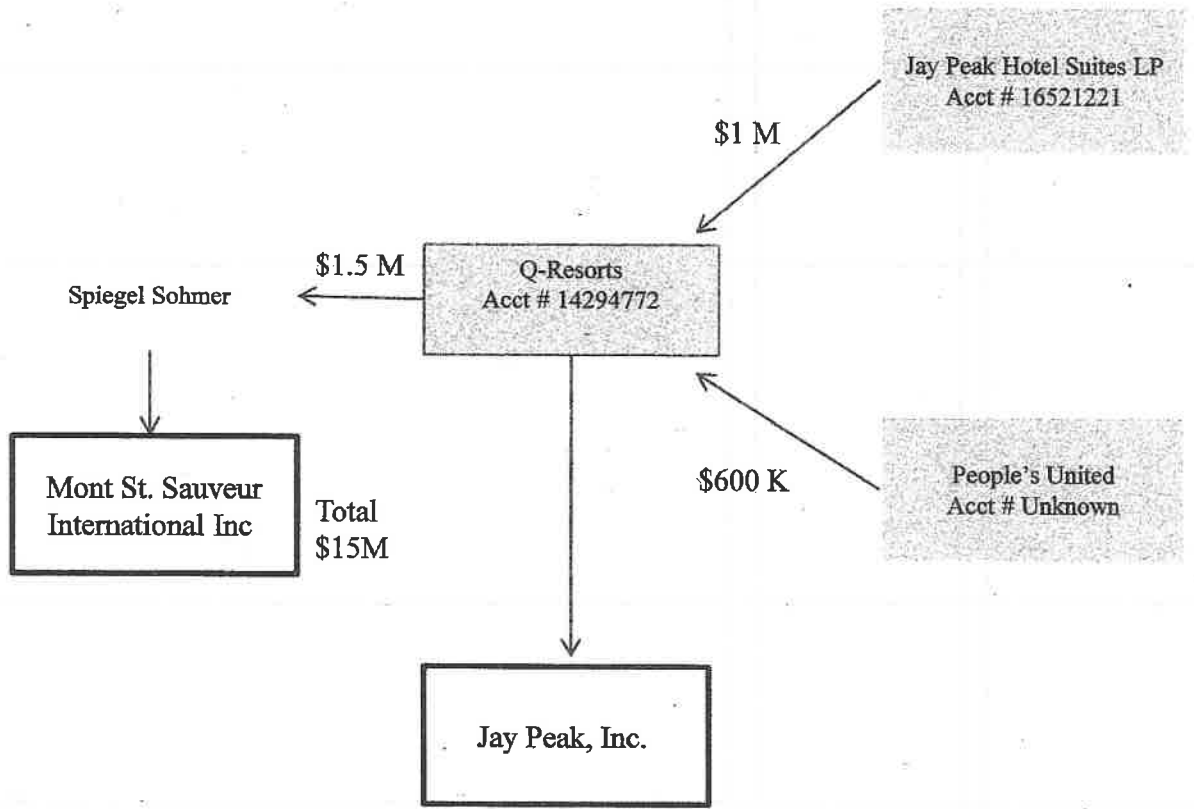
June 23, 2008 - Closing of Resort Purchase

COLOR KEY

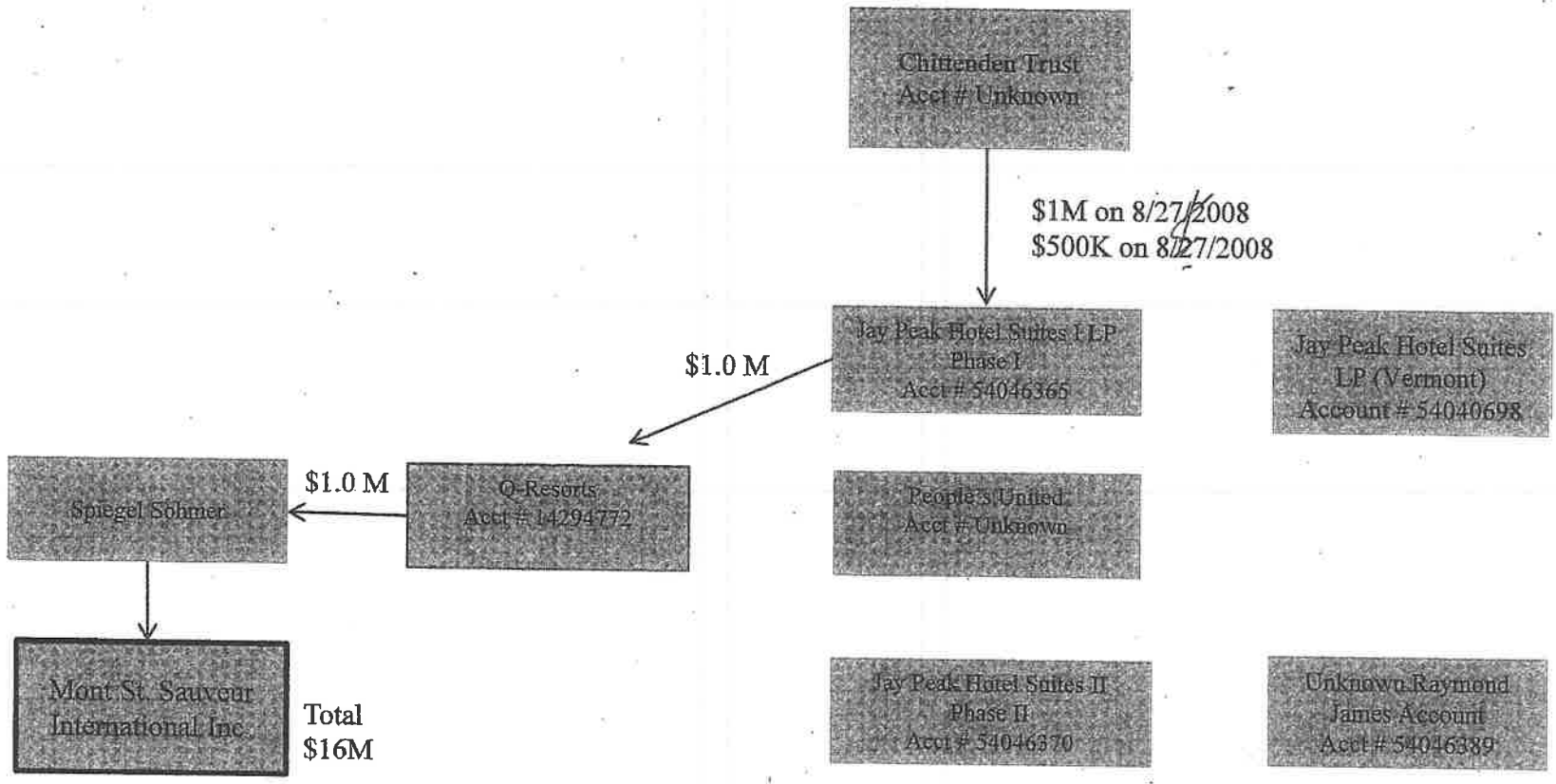
- Red = People's United Account
- Green = Raymond James
- White = Third Party Seller



July 1, 2008 - Inter-Company Raymond James Activity



August 29, 2008 - Inter-Company Raymond James Activity



September 5, 2008 - Inter-Company Raymond James Activity

Chittenden Trust
Acct # Unknown

Jay Peak Hotel Suites I LP
Phase I
Acct # 54046365

Jay Peak Hotel Suites
LP (Vermont)
Account # 54040698

Spiegel Sommer

\$500K

Q-Resorts
Acct # 14294772

People's United
Acct # Unknown

Mont St. Sauveur
International Inc

Total
\$16.5M

\$500K

Jay Peak Hotel Suites II
Phase II
Acct # 54046370

Unknown Raymond
James Account
Acct # 54046389

\$1M on 9/4/2008

Chittenden Trust
Acct # Unknown

September 26, 2008 - Inter-Company Raymond James Activity

Chittenden Trust
Acct # Unknown

Jay Peak Hotel Suites
LP (Vermont)
Account # 54040698

Jay Peak Hotel Suites I LP
Phase I
Acct # 54046365

People's United
Acct # Unknown

Jay Peak Hotel Suites II
Phase II
Acct # 54046370

Unknown Raymond
James Account
Acct # 54046389

Chittenden Trust
Acct # Unknown

\$3M
Remainder on Margin
Loan

Q-Resorts
Acct # 14294772

Spiegel Sommer

\$2.5M

Mont St. Sauveur
International Inc

Total
\$19M

\$1.3M on 9/24/2008

\$1.5M on 9/23/2008

Overview of Account Signatories on June 23, 2015

Chittenden Trust
Acct # unknown

Jay Peak Hotel Suites LP
Acct # 16521221

Michele Beauchemin
Louis Dufour
Louis Hebert
Chantal Nadeau

Jay Peak Hotel Suites I LP
Phase I
Acct # 54046365

Jay Peak Hotel Suites
LP (Vermont I)
Account # 54040698

Jay Peak Management
- Ariel Quiros

Jay Peak Management
- Bill Stenger
- Louis Hebert
- Louis Dufour

Spiegel Sohmer

Q-Resorts
Acct # 14294772

Ariel Quiros

Mont St. Sauveur
International Inc

Jay Peak Hotel Suites II
Phase II
Acct # 54046370

Jay Peak Hotel Suites
LP (Vermont II)
Acct # 54046389

Jay Peak Management
- Ariel Quiros

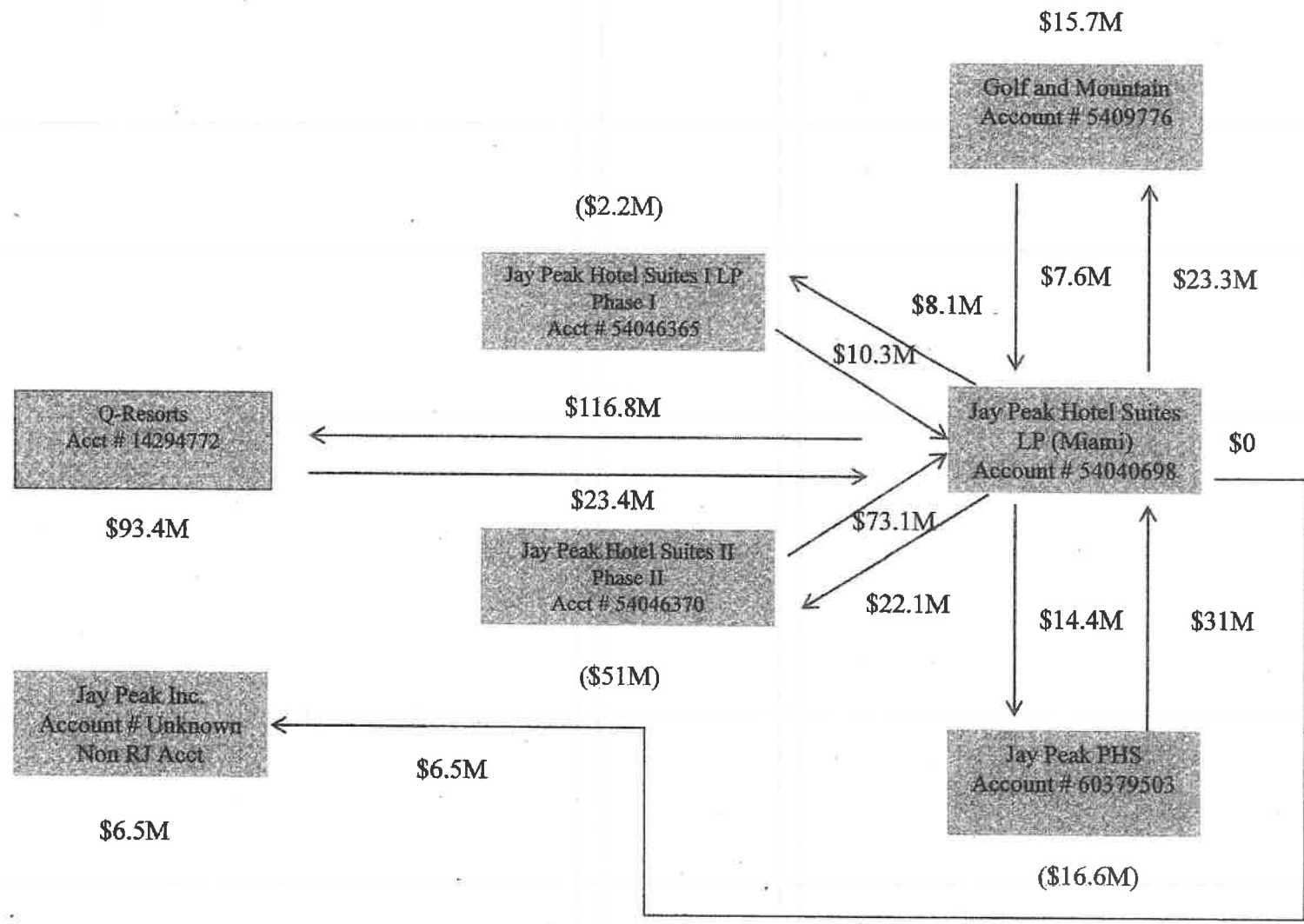
Jay Peak Management
- Bill Stenger

Chittenden
Acct # Unknown

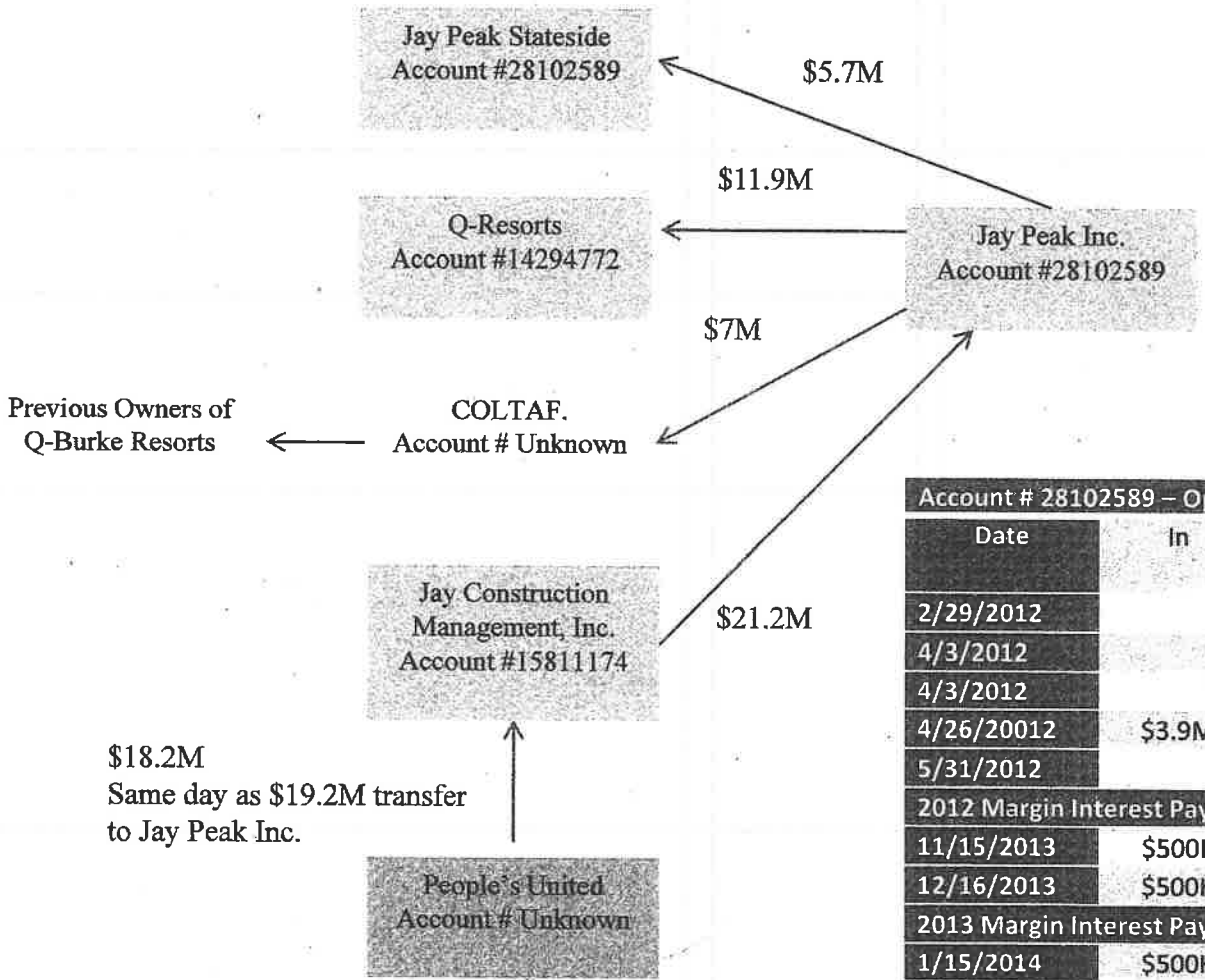
COLOR KEY

- Red = People's United Account
- Green = Raymond James
- White = Third Party Seller

Co-Mingling of Funds 2009 until Account Closing
 Jay Peak Inc. & Jay Peak Hotel Suites LP (Miami) maintained margin loans consistently over \$20M

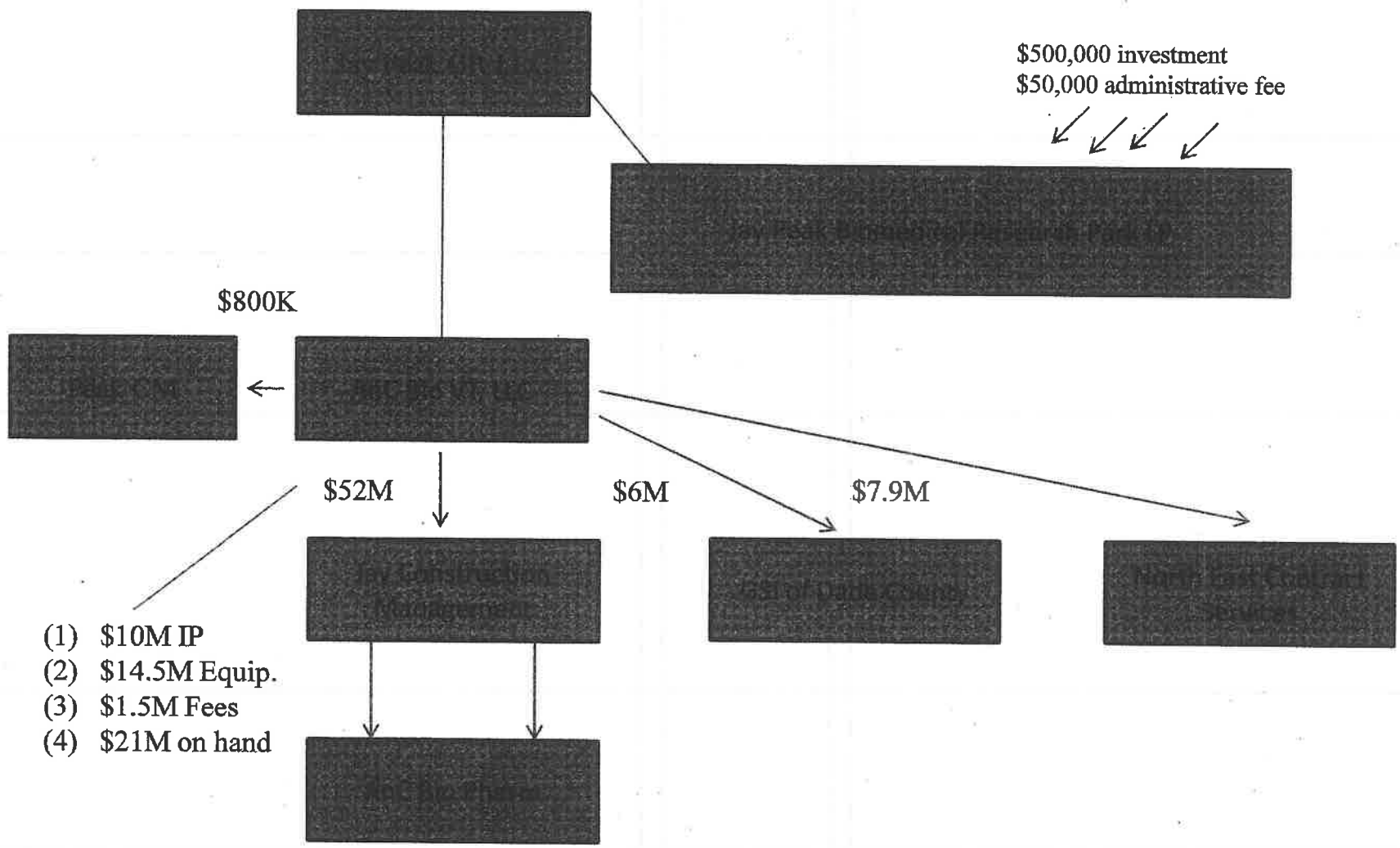


Co-Mingling of Funds 2009 until Account Closing



Account # 28102589 – Opened Feb 28, 2012			
Date	In	Out	Margin
			Balance
2/29/2012		\$5.7M	(\$5.7M)
4/3/2012		\$3.9M	(\$9.6M)
4/3/2012		\$8M	(\$17.6M)
4/26/2012	\$3.9M		(\$13.7M)
5/31/2012		\$7M	(\$20.7M)
2012 Margin Interest Pay \$269K			(\$20.9M)
11/15/2013	\$500K		(\$20.4M)
12/16/2013	\$500K		(\$19.9M)
2013 Margin Interest Pay \$373K			
1/15/2014	\$500K		(\$19.8M)
2/18/2014	\$500K		(\$19.2M)
3/5/2014	\$19.2M		\$0

AnC Bio Overview



Q-Burke Overview

General Partnership



Limited Partnership

- 1) Hotel and Convention Center
- 2) Tennis Center
- 3) Indoor Pool
- 4) Bike Center

Q-Burke Resort

Vermont Land Gains Tax Avoidance

- On September 16, 2011, GSI of Dade County, Inc. purchased a 25 acre property from James & Mary Ann Mulkin for \$3,150,000.
- On December 12, 2012, GSI of Dade County, Inc. (“Seller”) subdivided approximately 7 acres and sold this parcel to Jay Peak Biomedical Research Park, L.P. (“Buyer”) for \$6,000,000.
- The 7 acre parcel contained an improvement valued by the Newport, Vermont Tax Assessor at \$1,863,900.
- Vermont Tax Law requires the filing of Vermont Land Gains Tax Return (Form LC-2) within 30 days of the transaction regardless of whether there is a gain.
- The Seller clearly received a substantial land gains on this transaction.
- When a transaction triggers the land gains tax, Vermont Tax Law requires the Buyer to (i) withhold 10% of the purchase price; or (ii) pay the actual tax due if greater than 10% of the sales price.
- The Department is in possession of two wire transfers from the Buyer to the Seller (i) the first is in the amount of \$3,000,000 dollars from the Buyer to the Seller on December 12, 2012; and (ii) the second is in the amount of \$3,000,000 dollars from the Buyer to the Seller on April 9, 2013.
- The Buyer clearly did not withhold and transmit the land gains tax due to the Vermont Tax Department at the time of the sale on December 12, 2012.
- The amount of land gains owed decreases substantially the longer one holds the property.
- The Department recently discovered and confirmed that the 7 acres parcel sold to the Buyer on December 12, 2012 is still titled in the name of the Seller.

**State of Vermont
Department of Financial Regulation
Confidential Material**

Project Overview prepared by the Securities Division of the Department of
Financial Regulation (the "Department") for the Department's General
Counsel's Office

**Subject to: (i) Executive Privilege; (ii) Deliberative Process Privilege;
(iii) Attorney-Client Privilege; and (iv) Attorney-Work Product**

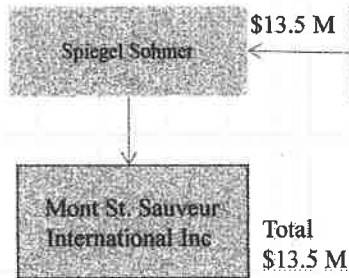
Vermont Department of Financial Regulation



June 23, 2008 - Inter-Company Raymond James Activity

- Q-Resorts Account Opened and First Transaction
- First Transaction for Jay Peak Hotel Suites I (opened 6/16/2008)
- First Transaction for Jay Peak Hotel Suites II (opened 6/16/2008)
- June 16, 2008 First Transaction for Jay Peak Hotel Suites LP (Vermont) (opened May 21, 2008)
- Deal Announced July 2, 2008
- Phase I and II Investor Funds were raised to build hotels and were used to purchase Jay Peak, Inc.

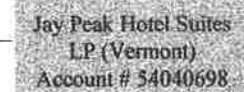
Purchase of Jay Peak, Inc.



\$7.6 M



\$11 M

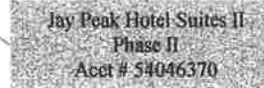


Chittenden Trust
Acct # Unknown

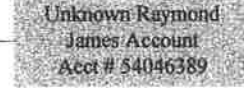
\$8 M -6/16/2008
\$3 M -6/17/2008

Phase I Investor Funds

\$6.0 M



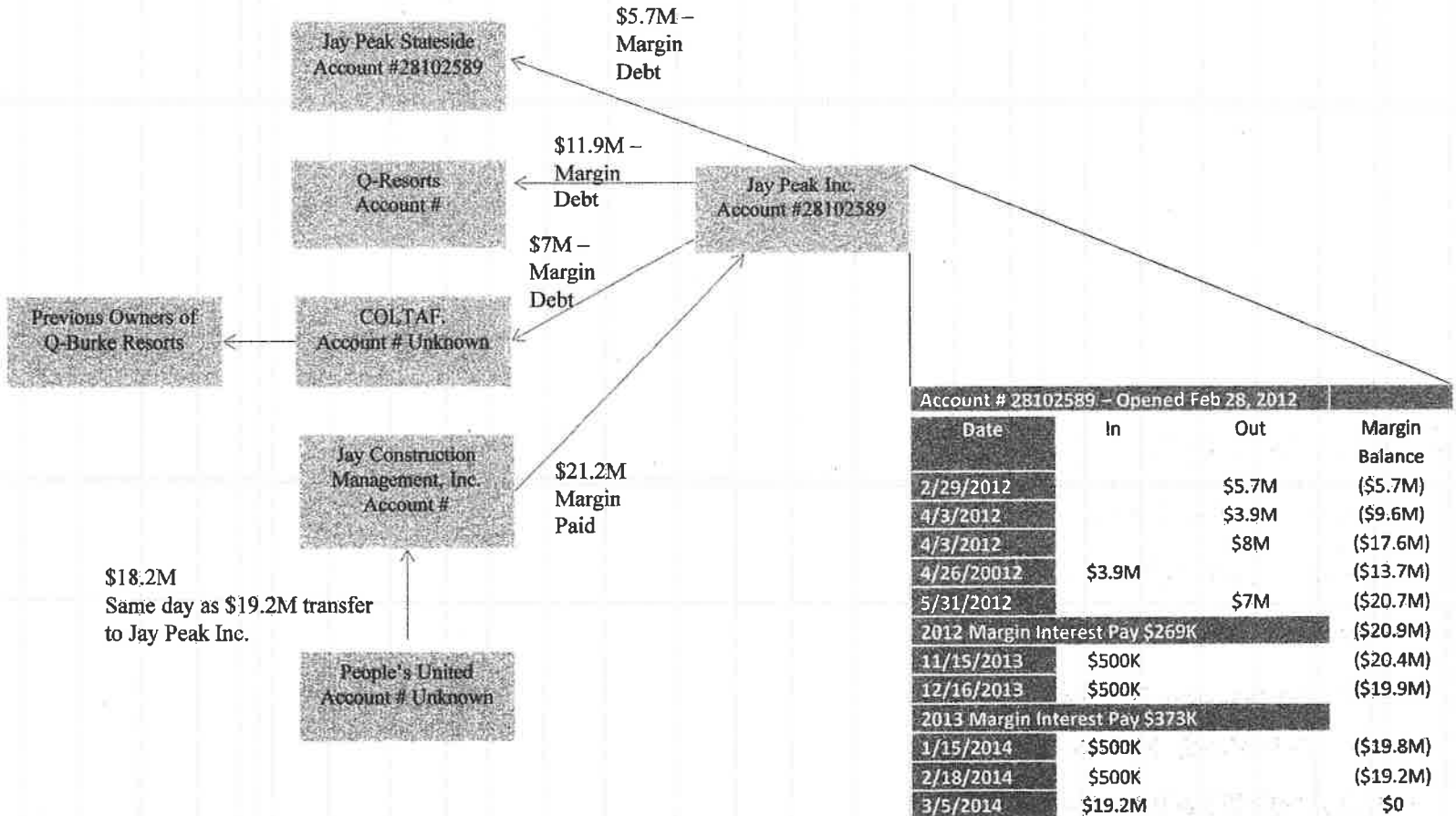
\$7 M



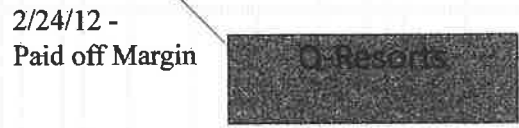
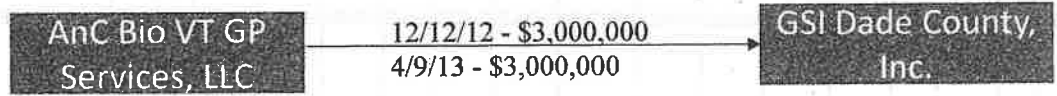
Source of funds yet to be established; additional document request sent by DFR to Raymond James on March 30, 2015

Phase II Investor Funds

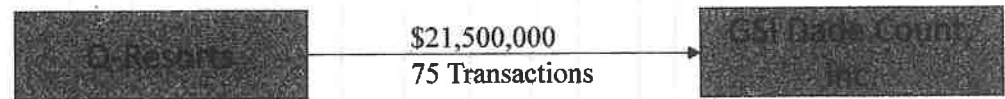
Co-Mingling of Funds 2009 until Account Closing



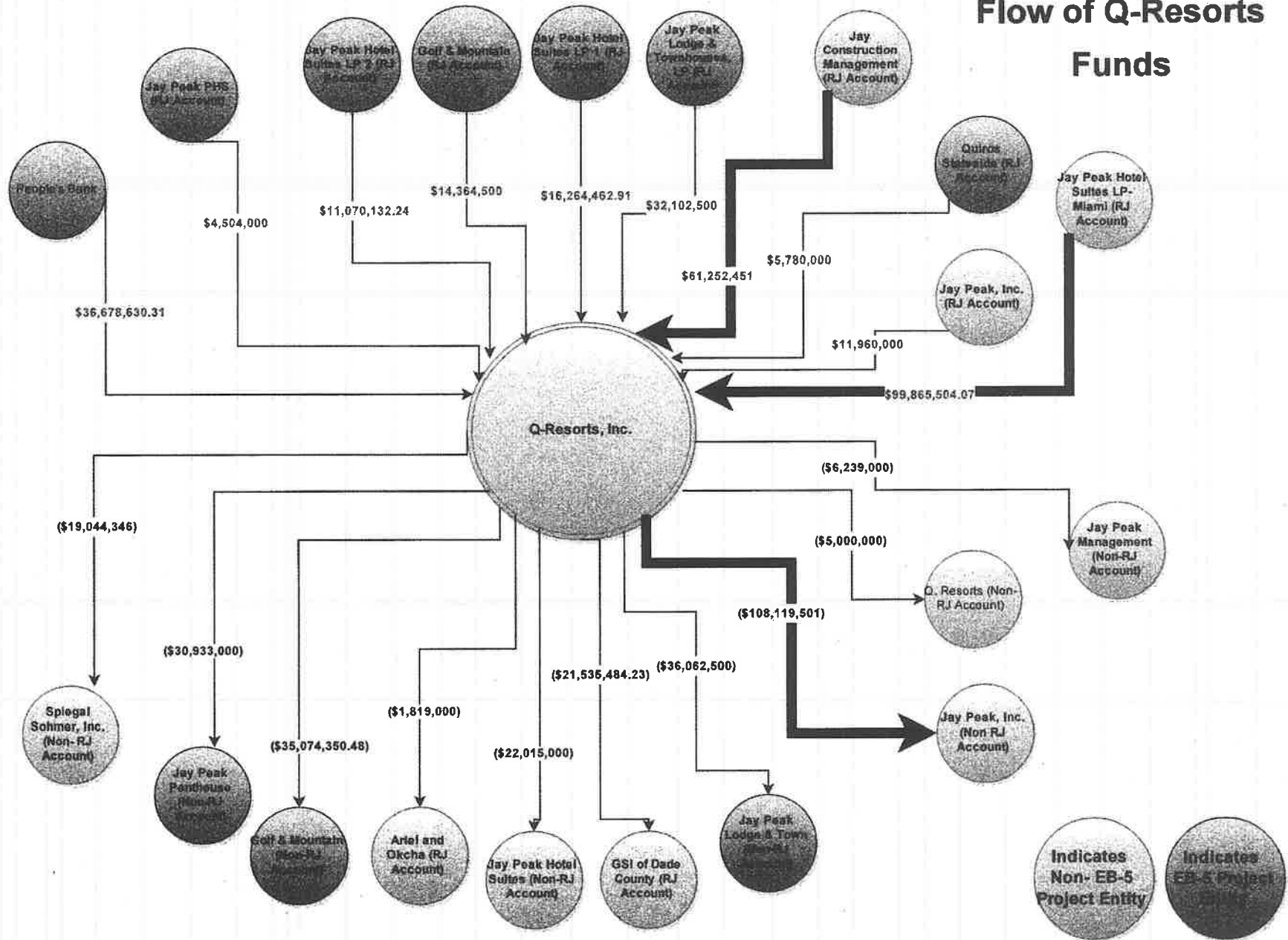
GSI of Dade County Transactions



6/2008-7/2014



Flow of Q-Resorts Funds



State of Vermont
Department of Financial Regulation
Confidential Material

Project Overview prepared by the Securities Division of the
Department of Financial Regulation (the “Department”) for the
Department’s General Counsel’s Office

**Subject to: (i) Executive Privilege; (ii) Attorney-Client
Privilege; and (iii) Attorney-Work Product**

Vermont Department of Financial Regulation



Jay Peak EB-5 Overview Table of Contents

- 1) Executive Summary
- 2) The Purchase of the Jay Peak Resort
- 3) Backfilling: Paying Old Project Expenses with New Investor Money
- 4) The Purchase of the AnC Bio Project Site
- 5) The Purchase of the Q Burke Project Site

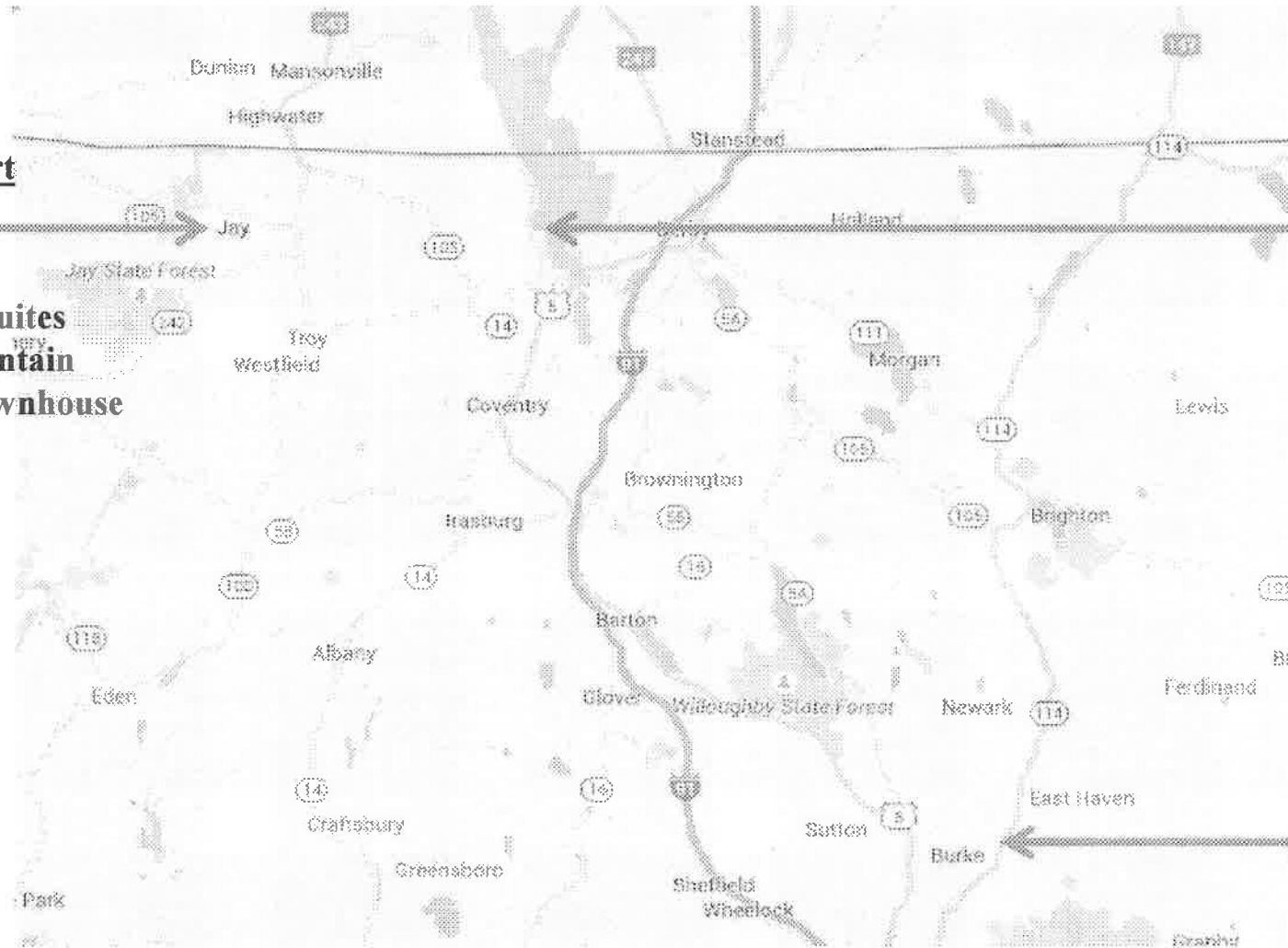
Executive Summary: Overview of Jay Peak EB-5 PPMs

- Investment into each of the eight Jay Peak EB-5 Projects is made pursuant to a separate private placement memorandum.
- Generally, in exchange for the \$500,000 investment and an additional \$50,000 administrative fee, foreign investors receive a limited partnership interest in one of the eight Jay Peak EB-5 Projects.
- Limited partnerships are managed by a general partner; generally an entity owned by Bill Stenger and/or Ariel Quiros serves as the general partner.
- Foreign investors invest in the Jay Peak EB-5 Projects for three primary reasons (i) to obtain permanent resident immigration status in the United States; (ii) to received quarterly distributions of project income (split 50/50 with the general partner); and (iii) to achieve a liquidity event with the prospect of making a profit on their original \$500,000 investment.
- Examples of Jay Peak EB-5 Project PPMs Deficiencies:
 - Lack material information, specifically regarding significant conflicts of interest;
 - Sale of real estate to the limited partnerships at excessively inflated prices without appraisals or any reasonable basis for the sale price;
 - A number of other projects are built on land leased to the limited partners that reverts back to the project principles in 10 +/- years; and
 - Revenue sharing agreements that are significantly out of line with industry standards.

Executive Summary: Overview of Jay Peak EB-5 Projects

Jay Peak Resort

- 1) Phase 1
- 2) Phase 2
- 3) Penthouse Suites
- 4) Golf & Mountain
- 5) Lodge & Townhouse
- 6) Stateside



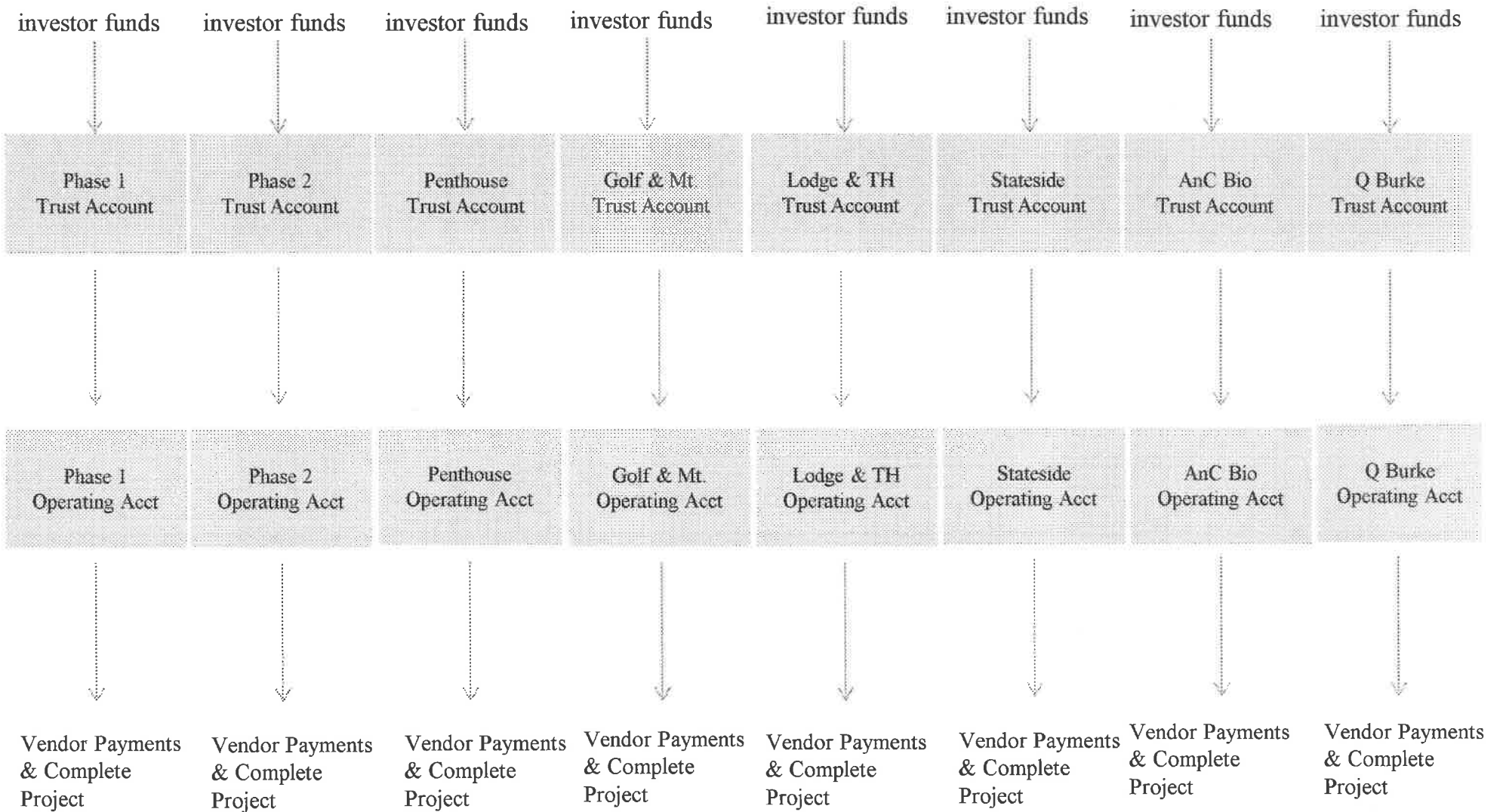
Newport, Vt.

7) AnC Bio

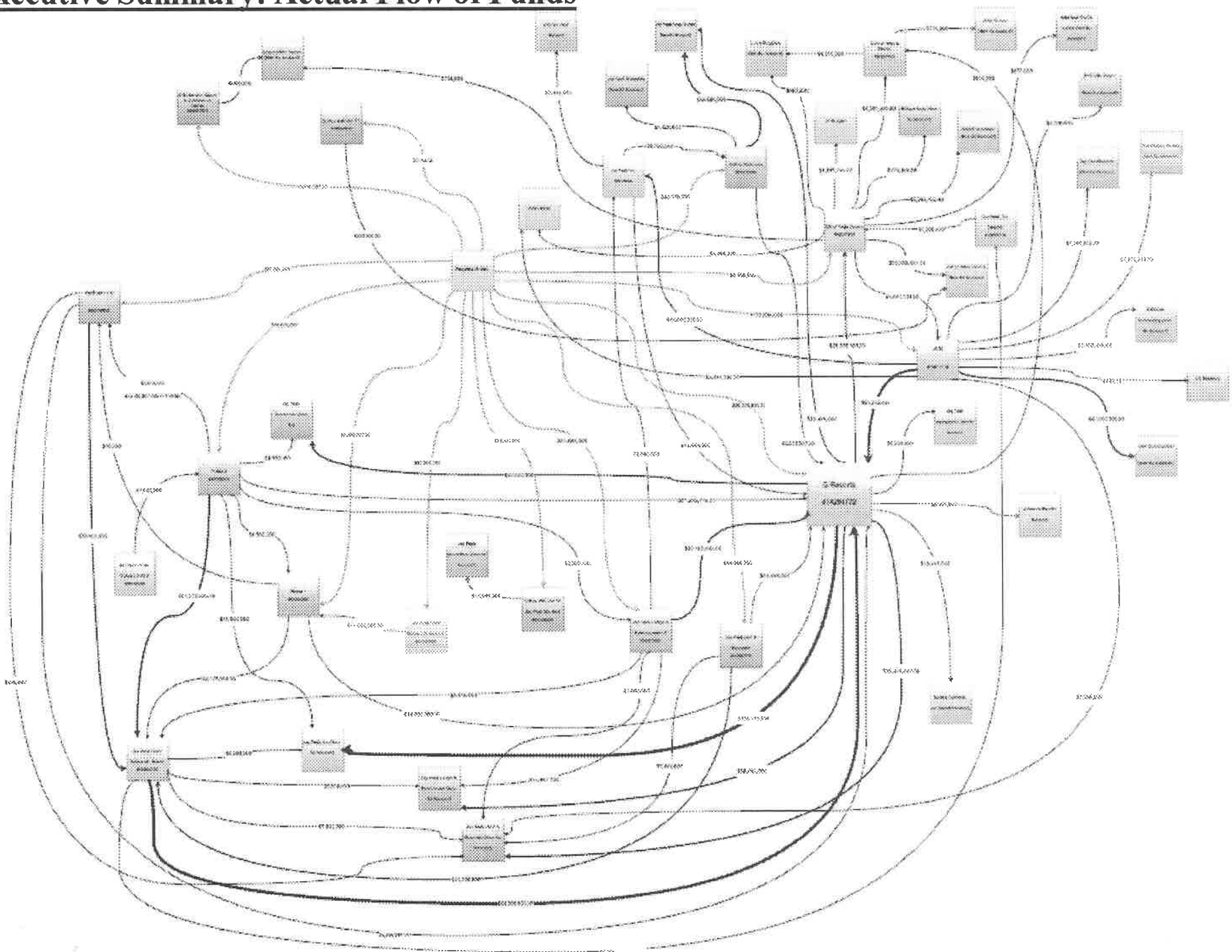
Q Burke Resort

8) Q Burke

Executive Summary: Anticipated Flow of Funds



Executive Summary: Actual Flow of Funds

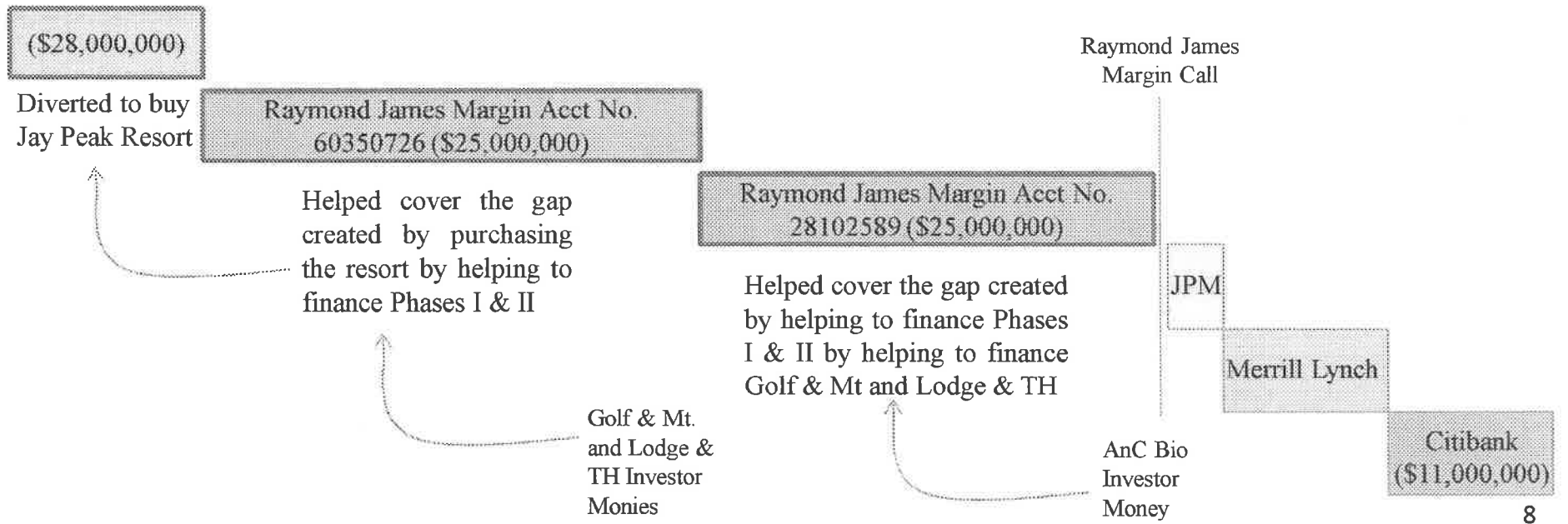
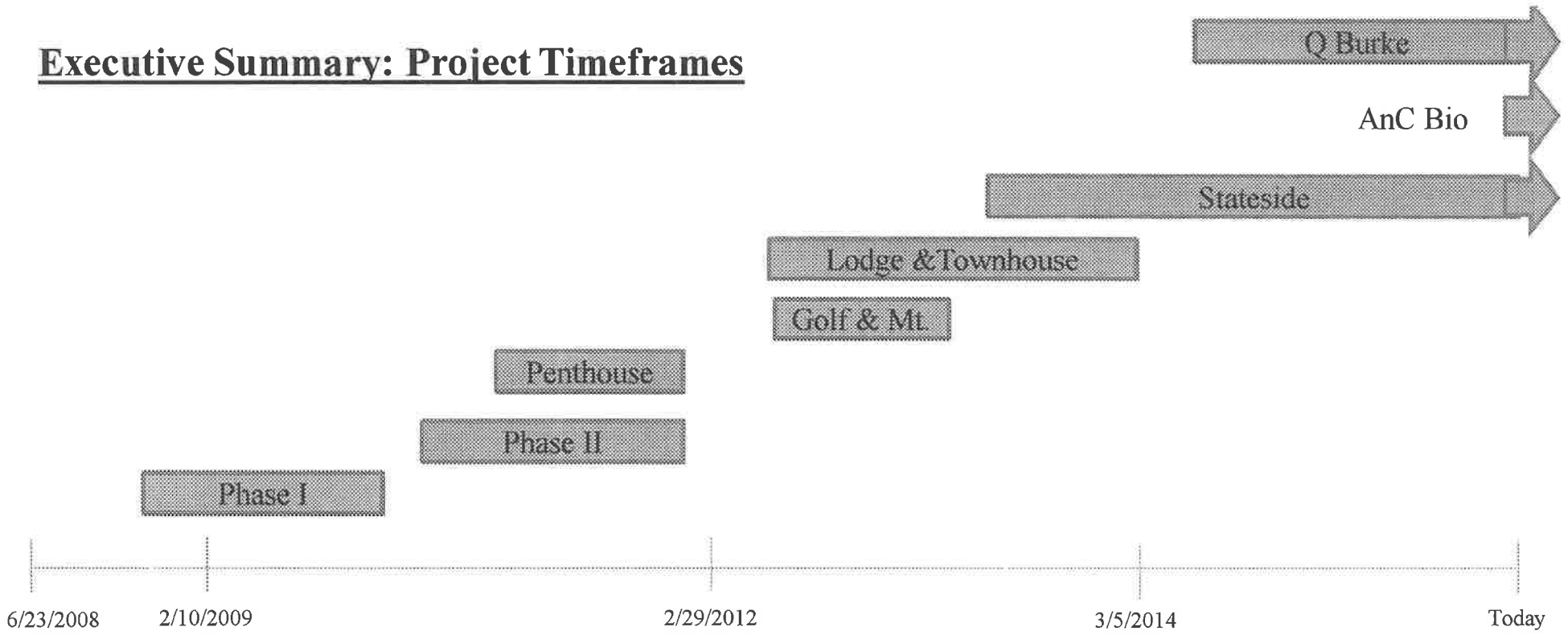


Resulting Financing Gap

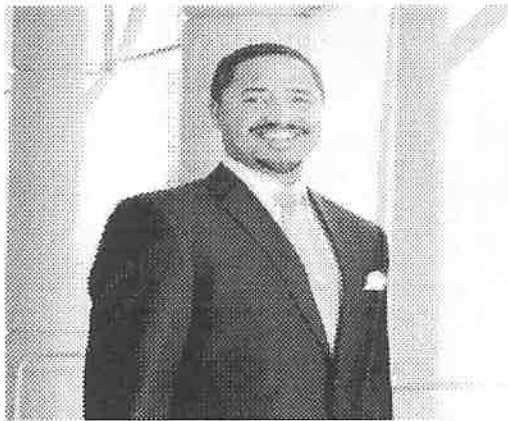
Project	Jay Peak Hotel Suites, LP	Jay Peak Hotel Suites Phase II, LP	Jay Peak Penthouse Suites, LP	Jay Peak Golf & Mountain Suites, LP	Jay Peak Lodge & Townhouses, LP	Jay Peak Hotel Suites Stateside, LP	Jay Peak Biomedical Research Park, LP	O Burke Mountain Resort, Hotel and Conference Center, LP	Total
Total Investors per Offering	35	150	65	90	90	136	147	83	796
Total Investment Raised	\$17,500,000.00	\$75,000,000.00	\$32,500,000.00	\$45,000,000.00	\$45,000,000.00	\$68,000,000.00	\$73,500,000.00	\$48,500,000.00	\$398,000,000.00
Contractor	DEW	DEW	DEW	DEW	DEW	DEW	PeakCM	PeakCM	
Construction Completed	Yes	Yes	Yes	Yes	Yes	No	No	No	
Cost to complete construction	N/A	N/A	N/A	N/A	N/A	\$32,039,000.00	\$68,462,804.00	\$49,514,500.00	
Remaining Investor Funds	N/A	N/A	N/A	N/A	N/A	\$200,000.00	\$3,500,000.00	\$1,000,000.00	
Investor Funds that may be raised via PPMs	N/A	N/A	N/A	N/A	N/A	N/A	\$36,500,000.00	\$49,500,000.00	
Financial Gap	N/A	N/A	N/A	N/A	N/A	(\$31,839,000.00)	(\$28,462,804.00)	\$985,500.00	(\$59,316,304.00)

Executive Summary: Project Timeframes

0159531



Executive Summary: The Raymond James Relationship



Wife



Joel Burstein
Florida Licensed Broker-Dealer
Client - Ariel Quiros
Raymond James and Associates



Nicole Quiros Burstein

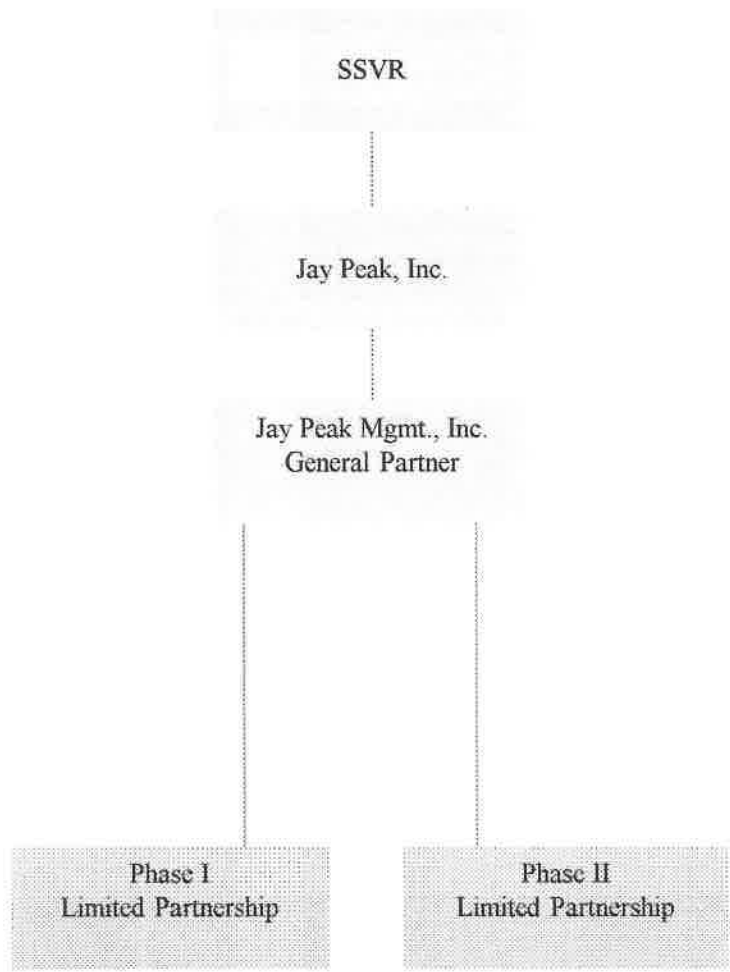
Daughter

The Purchase of Jay Peak Resort

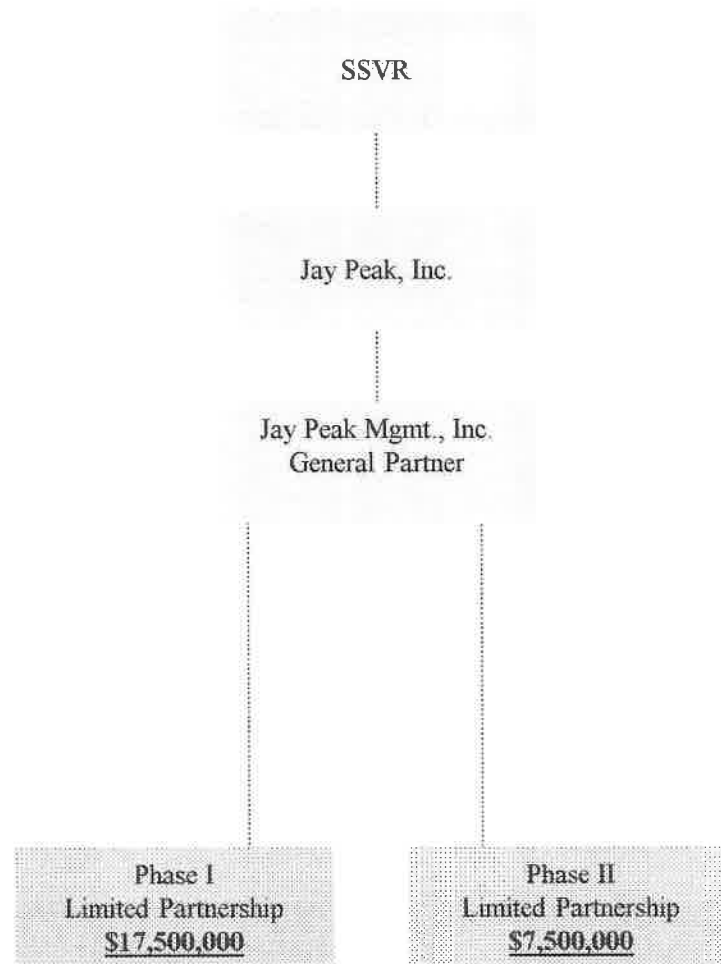
Purchase of Jay Peak Resort: History of Jay Peak

- Jay Peak, Inc. was incorporated in 1955 and has operated the Jay Peak Resort since 1957
- In 1978, Jay Peak, Inc. was purchased by SSVR and since 1984 Bill Stenger has operated the Resort as its President
- In 2006, ACCD approved the first Jay Peak EB-5 Project – Jay Peak Hotel Suites Phase I, L.P. (“Phase I”)
- In 2008, ACCD approved the second Jay Peak EB-5 Project – Jay Peak Hotel Suites Phase II, L.P. (“Phase II”)

Purchase of Jay Peak Resort: Corporate Structure



Purchase of Jay Peak Resort: Raising Capital



As of June 23, 2008:

- Phase I raised \$17.5 million, of which, \$12.5 million had been released from escrow and available to spend on Tram Haus construction.
- Phase II raised \$7.5 million, of which, \$7.0 million had been released from escrow and was available to spend on Jay Hotel, Ice Rink and Water Park construction.

Phase 1 Investor Brian Goulding

March 5, 2007

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Brian Goulding

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: March 5, 2007

Escrow Amount: \$500,000.00
Admin Fee Amount: \$50,000.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investor Anthony Korda

September 15, 2006

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Anthony Korda

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: September 15, 2006

Amount: \$ 10,000.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investor Anthony Korda

October 13, 2006

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Anthony Korda

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: October 13, 2006

Amount: \$ 490,000.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investors Qaiser and Asma Rassaq

March 5, 2007

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Qaiser Razzaq

Dear Mr. Hulme:

Please accept this letter as confirmation of receipt for all funds received from Qaiser Razzaq in regards to the Jay Peak Escrow as follows:

Date: June 6, 2006	Amount: \$ 9,977.00
Date: July 17, 2006	Amount: \$ 109,980.00
Date: July 18, 2006	Amount: \$ 89,980.00
Date: July 24, 2006	Amount: \$ 149,958.00
Date: August 2, 2006	Amount: \$ 39,939.85
Date: August 7, 2006	Amount: \$ 100,258.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investors Mark and Caroline Waters

July 18, 2006

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Lady Caroline Mary Victoria Waters

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: May 18, 2006

Amount: \$ 60,000.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investors Mark and Caroline Waters

February 1, 2007

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Lady Caroline Mary Victoria Waters

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: February 1, 2007	Amount: \$440,000.00 Escrow
Date: February 1, 2007	Amount \$50,000.00 Administrative Fee

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investor Sriratna Koneru

January 12, 2007

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Sriratna Koneru

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: January 12, 2007

Amount: \$ 10,000.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investor Sriratna Koneru

February 23, 2007

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Sriratna Koneru

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: February 23, 2007

Amount: \$ 90,000.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase 1 Investor Sriratna Koneru

February 23, 2007

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Sriratna Koneru

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow as follows:

Date: February 23, 2007

Amount: \$ 400,000.00

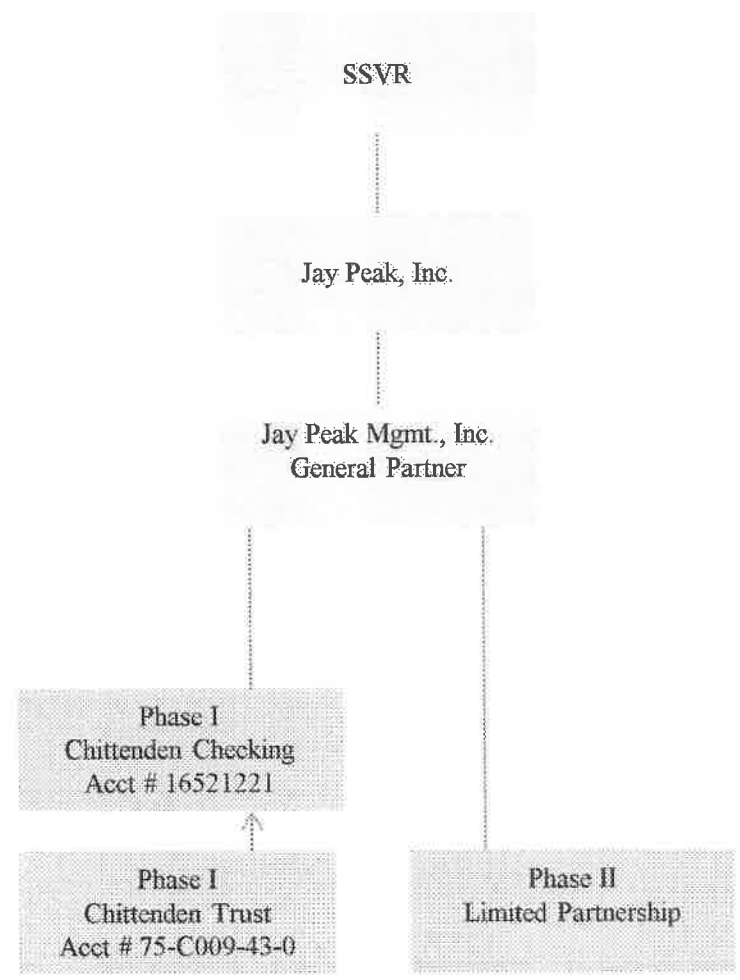
If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Lhea Wannamaker at (802) 660-1380.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Purchase of Jay Peak Resort: Raising Capital

Date	Deposit Amount	Running Total
March 30, 2007	\$2,500,000	\$2,500,000



Stenger Authorization to Acct No. 16521221

March 30, 2007

Bill Stenger, President

Via: e-mail

Debra Bilodeau
Assistant Vice President
Chittenden Bank
Two Burlington Square
Burlington, VT 05402

Dear Deb,

I-526 approvals have been received for Brian Goulding, Anthony Korda, Qaiser and Asma Rassaq, Mark and Caroline Waters, and Sriratna Koneru. Please transfer \$2.5 million from the Master Escrow Account to the Jay Peak, Inc. Hotel Suites Account # 1-65-2122-1.

Sincerely,

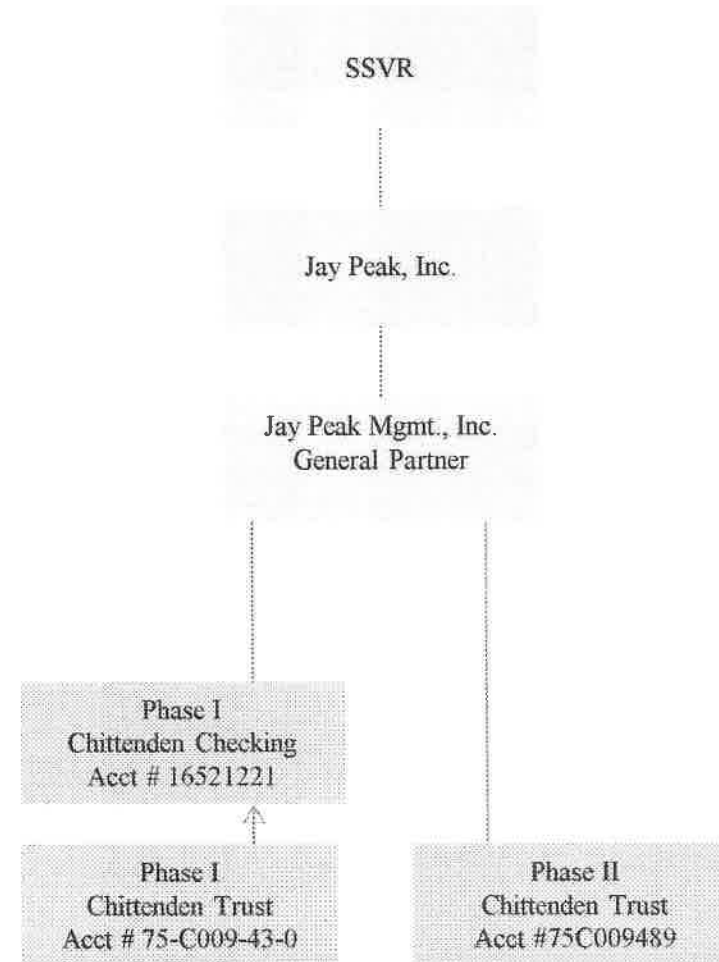


Bill Stenger
President

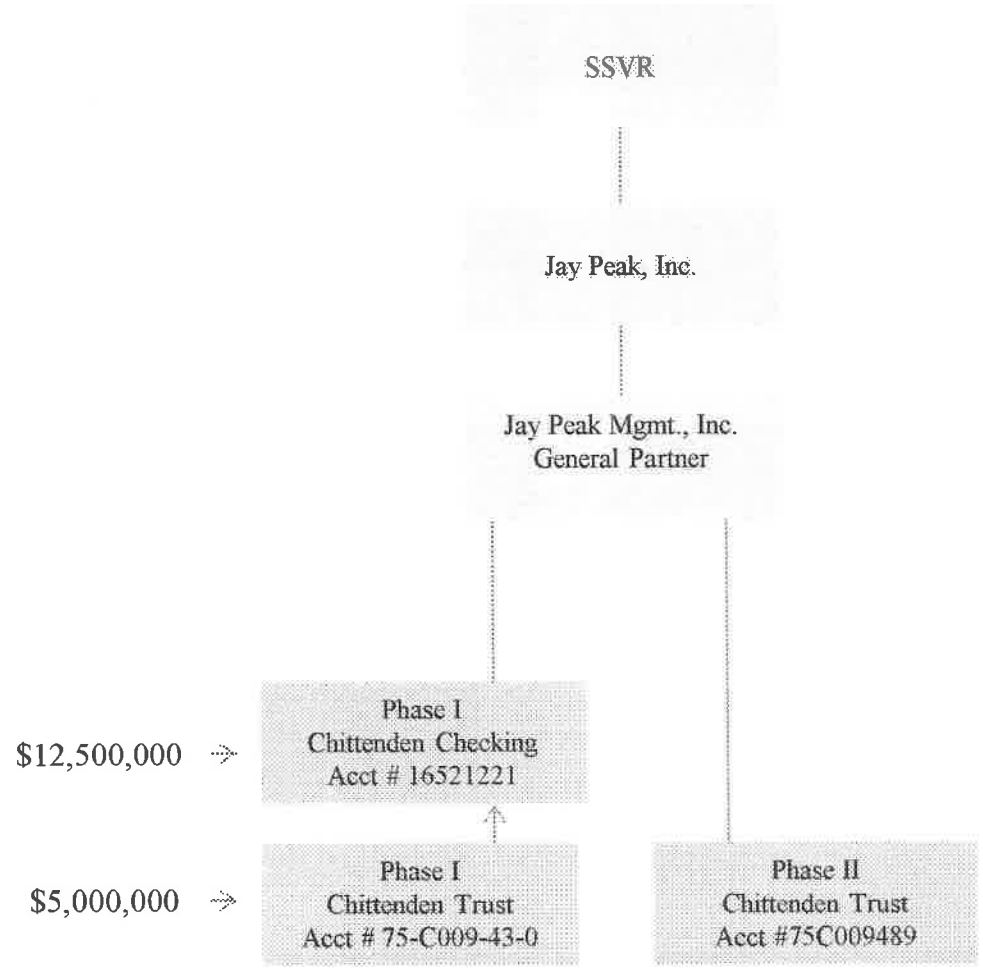
cc: Mark Wahl

Purchase of Jay Peak Resort: Raising Capital

Date	Deposit Amount	Running Total
March 30, 2007	\$2,500,000	\$2,500,000
May 18, 2007	\$1,000,000	\$3,500,000
June 4, 2007	\$500,000	\$4,000,000
July 24, 2007	\$500,000	\$4,500,000
September 5, 2007	\$500,000	\$5,000,000
September 5, 2007	\$500,000	\$5,500,000
September 14, 2007	\$500,000	\$6,000,000
October 22, 2007	\$500,000	\$6,500,000
April 23, 2008	\$500,000	\$7,000,000
May 5, 2008	\$500,000	\$7,500,000
May 5, 2008	\$500,000	\$8,000,000
May 5, 2008	\$500,000	\$8,500,000
May 5, 2008	\$500,000	\$9,000,000
May 12, 2008	\$500,000	\$9,500,000
May 12, 2008	\$500,000	\$10,000,000
May 28, 2008	\$500,000	\$10,500,000
May 28, 2008	\$500,000	\$11,000,000
June 3, 2008	\$500,000	\$11,500,000
June 6, 2008	\$500,000	\$12,000,000
June 6, 2008	\$500,000	\$12,500,000



Purchase of Jay Peak Resort: Raising Capital



Phase II Investor Anton Van Usen

April 8, 2008

Sent via e-mail: rapidusa@gmail.com

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Antonius Van Usen

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow – Phase II as follows:

Date: April 8, 2008

Amount: \$ 500,100.00

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Jessica Foerst-Bilodeau at (802) 660-1389.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase II Investor Anton Van Usen

September 18, 2008

Sent via e-mail: spilcher@cslaw.us

Susan L. Pilcher
Carroll and Scribner PC
P.O. Box 932
84 Pine Street, Suite 300
Burlington, VT 05402-0932

RE: Antonius Van Usen

Dear Ms. Pilcher:

Please accept this letter as confirmation of receipt of \$550,000 funds in regards to the above referenced investor of the Jay Peak Escrow – Phase II. The \$500,000 was delivered to Jay Peak Hotel Suites Phase II LP on June 20, 2008. The \$50,000 Administrative Fees were paid as directed by Jay Peak.

If you require further information, please do not hesitate to contact me at (802) 660-1490.

Best Regards,

Debra A. Bilodeau, CCTS
Assistant Vice President

Phase II Investor Munish Kumar

Douglas Hulme FCCA
Chartered Certified Accountant
RAPID USA

RE: Kumar, Munish

Dear Mr. Hulme:

Please accept this letter as confirmation for receipt of funds in regards to the Jay Peak Escrow -- Phase II as follows:

Date: April 17, 2008

Amount:
\$31,000
\$100,000
\$10,000
\$64,000
\$100,000
\$100,000
\$95,000
= \$500,000

If you require further information, please do not hesitate to contact me at (802) 660-1490 or my associate Jessica Foerst-Bilodeau at (802) 660-1389.

Cordially,

Debra A. Bilodeau, CCTS
Assistant Vice President

~

Phase II Investor Munish Kumar

September 23, 2008

Sent via e-mail: spilcher@cslaw.us

Susan L. Pilcher
Carroll and Scribner PC
P.O. Box 932
84 Pine Street, Suite 300
Burlington, VT 05402-0932

RE: Munish Kumar

Dear Ms. Pilcher:

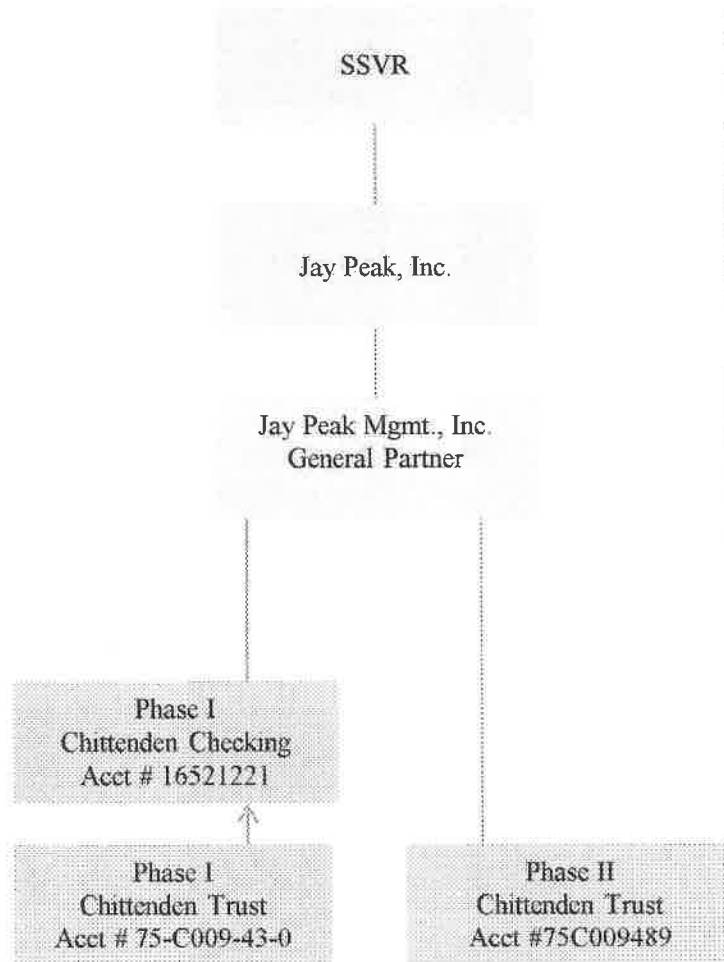
Please accept this letter as confirmation of receipt of \$550,000 funds in regards to the above referenced investor of the Jay Peak Escrow – Phase II. The \$500,000 was delivered to Jay Peak Hotel Suites Phase II LP on June 20, 2008. The \$50,000 Administrative Fees were paid as directed by Jay Peak.

If you require further information, please do not hesitate to contact me at (802) 660-1490.

Best Regards,

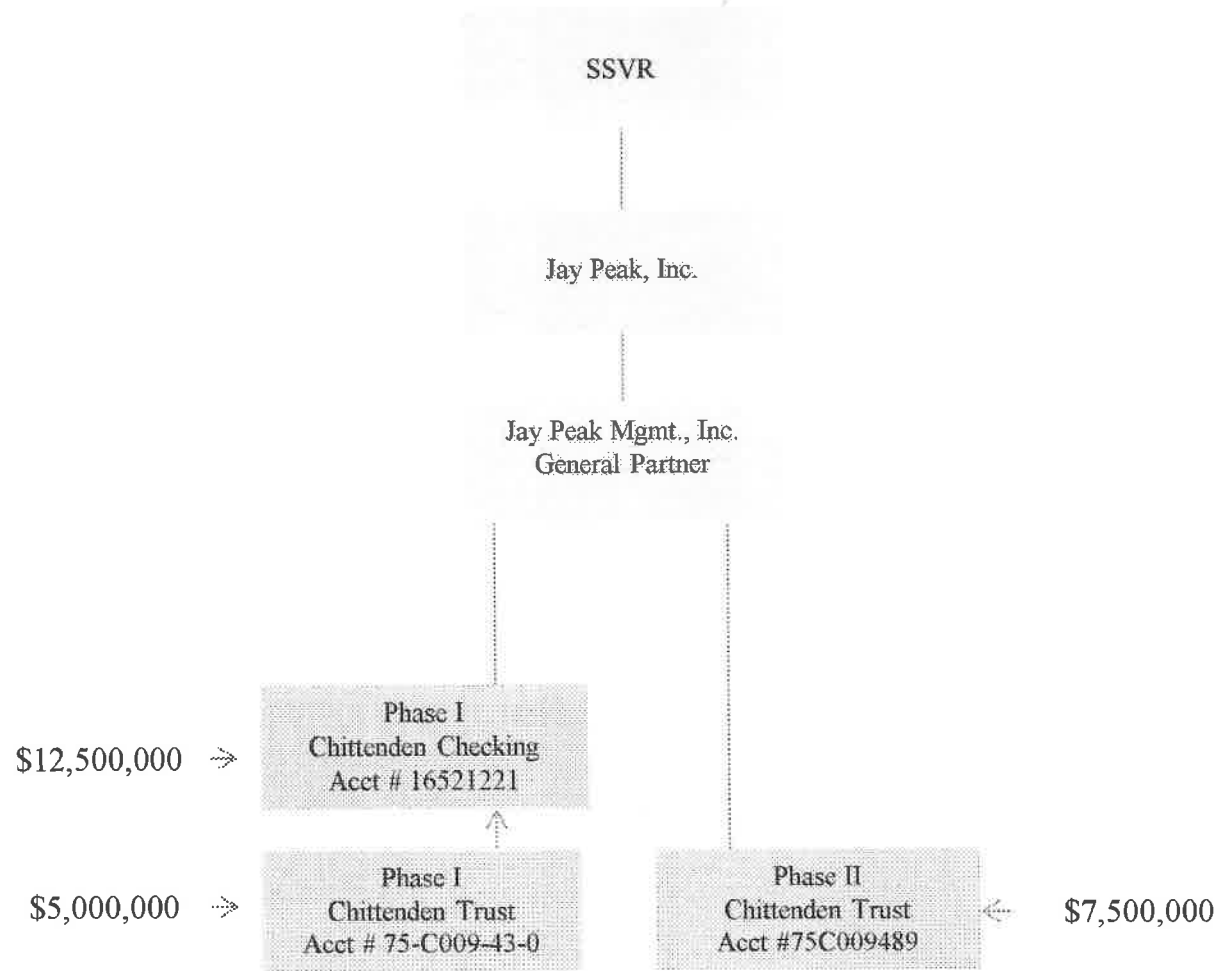
Debra A. Bilodeau, CCTS
Assistant Vice President

Purchase of Jay Peak Resort: Raising Capital



Date		Deposit	Running Total
April 8, 2008	Anton Van Usen	\$500,000	\$500,000
April 18, 2008	Munish Kumar	\$500,000	\$1,000,000
April 22, 2008	Charles Archibald	\$500,000	\$1,500,000
April 23, 2008	Clare King	\$500,000	\$2,000,000
April 23, 2008	Joe Allon	\$500,000	\$2,500,000
April 26, 2008	Hatem Rizkalla	\$500,000	\$3,000,000
May 5, 2008	Alex Lukianchokov	\$500,000	\$3,500,000
May 16, 2008	Blanca Neito	\$500,000	\$4,000,000
May 20, 2008	Roberta Dias	\$500,000	\$4,500,000
May 22, 2008	Carole Clark	\$500,000	\$5,000,000
May 23, 2008	James Jarvo	\$500,000	\$5,500,000
May 28, 2008	Lucy Clark	\$500,000	\$6,000,000
May 30, 2008	Arthur Buchner	\$500,000	\$6,500,000
June 2, 2008	Birinder Bhullar	\$500,000	\$7,000,000
June 2, 2008	Roberta Da Saliva	\$500,000	\$7,500,000

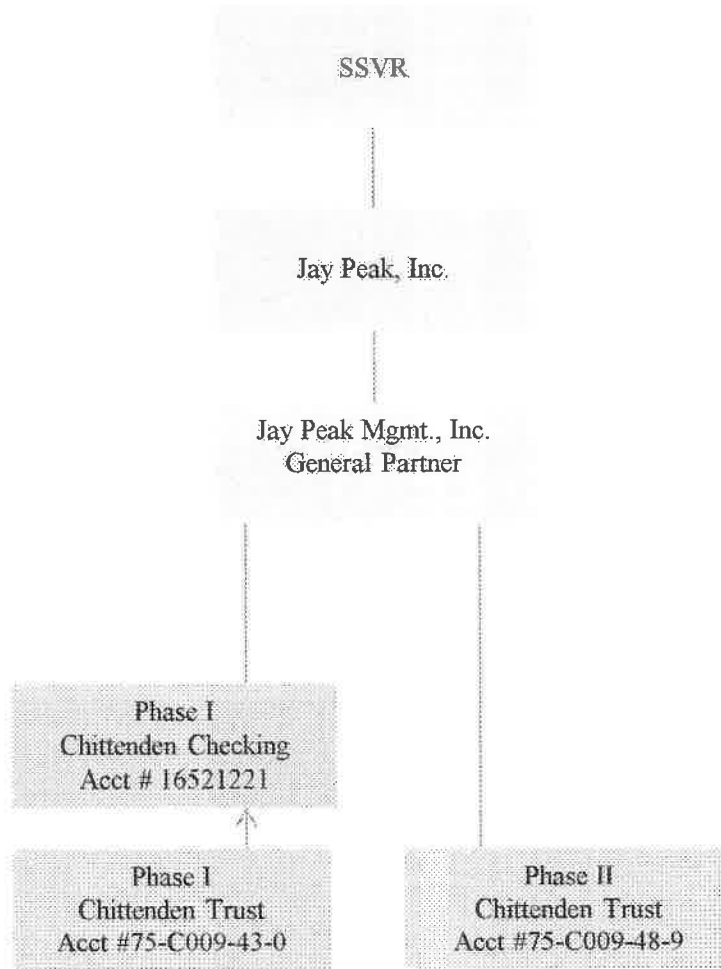
Purchase of Jay Peak Resort: Raising Capital



Purchase of Jay Peak Resort: Negotiating the Deal

- Following the death of principal shareholder Jacques Hebert in 2006, SSVR looks to divest Jay Peak Resort
- SSVR begins discussions with president Bill Stenger regarding purchasing Jay Peak Resort
- Bill Stenger recruits Jay Peak Resort homeowner, Ariel Quiros, to help finance the possible acquisition of Jay Peak Resort
- In or about January 2008, SSVR begins to seriously discuss the sale of Jay Peak Resort with Bill Stenger and Ariel Quiros
- Ariel Quiros states his relationship with Raymond James will help with the financing the transaction
- As part of the negotiations, Ariel Quiros wanted confirmation the EB-5 monies raised by foreign investors to date existed as the new owner would be assuming construction obligations for Phases I & II

Purchase of Jay Peak Resort: June 23, 2008 Closing



Ariel Quiros requests EB-5 money be moved into accounts held at Raymond James so he can verify the money

These accounts are established

With these signatories

↓

Jay Peak Hotel Suites LP (Vermont I)
Account # 54040698

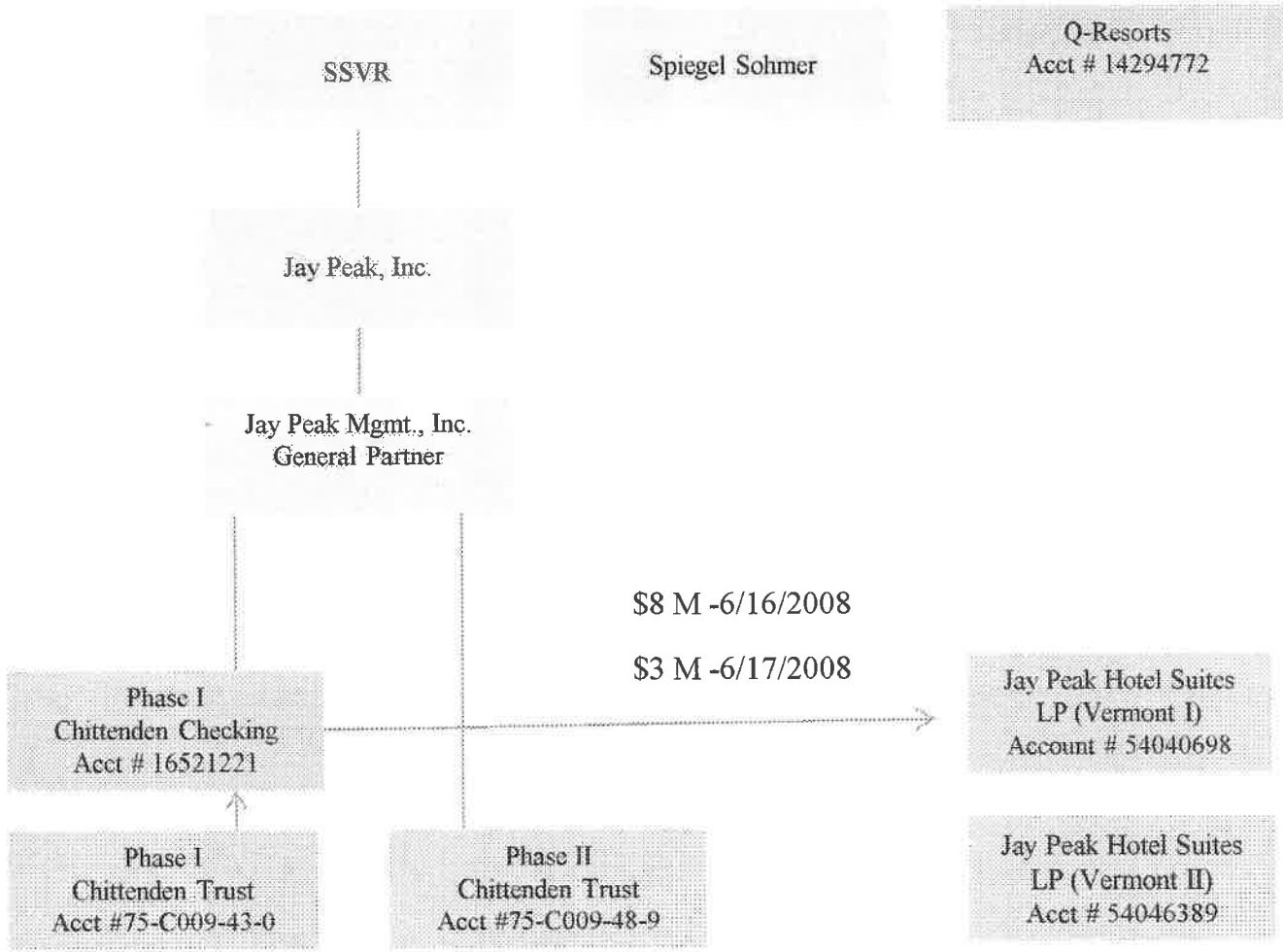
↓

Jay Peak Management
- Bill Stenger
- Louis Hebert
- Louis Dufour

Jay Peak Hotel Suites LP (Vermont II)
Acct # 54046389

Jay Peak Management
- Bill Stenger

Purchase of Jay Peak Resort: June 23, 2008 Closing



PAGE 2
 DATE 6/22/08
 PRIMARY ACCOUNT
 15521221
 ENCLOSURE

BUSINESS MONEY MARKET 15521221 (Continued)

DATE	DESCRIPTION	AMOUNT
6/02	TELEPHONE TRANSFER BY jk per J. Lagarde	5,028.33-
6/05	TELEPHONE TRANSFER BY jk to acc#15521203	19,195.90-
6/16	WIRE TRANSFER DEBIT RAYMOND JAMES AND ASSOCIATES I 02100009 8076559 CITIBANK NYC CITIBANK N.A. NEW YORK NY FOR BENEFIT OF JAY PEAK HOTEL 8 LP ACCT #54040698	6,000,000.00-
6/16	WIRE TRANSFER FEE	20.00-
6/17	WIRE TRANSFER DEBIT RAYMOND JAMES AND ASSOCIATES I 02100009 8076559 CITIBANK NYC CITIBANK N.A. NEW YORK NY FOR BENEFIT OF JAY PEAK HOTEL LP ACCT #54040698	3,500,000.00-
6/17	WIRE TRANSFER FEE	20.00-

BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
5/27	9,645,705.37	6/03	10,141,485.14	6/16	3,628,469.24
5/28	9,645,705.37	6/06	11,126,489.24	6/17	628,449.24
6/02	9,641,685.14	6/09	11,626,489.24	6/22	638,431.97

INTEREST RATE INFORMATION

DATE	INTEREST RATE
5/26	2.000000%

Checks you deposit into your Chittenden account are your responsibility even after the funds are made available to you, and you withdraw the funds. Checks returned for any reason are your responsibility and will be charged against your account.

JP Peoples- 002089

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$11,000,000.00	\$11,000,000.00
Total Deposits	\$11,000,000.00	\$11,000,000.00

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$(1,002,566.60)	\$(1,002,566.60)
Total Withdrawals	\$(1,002,566.60)	\$(1,002,566.60)

Cash Sweep Transfers

Type	This Statement
Transfers From	\$1,000,000.00
Transfers To	\$11,000,000.00
Net Transfers	\$2,566.60

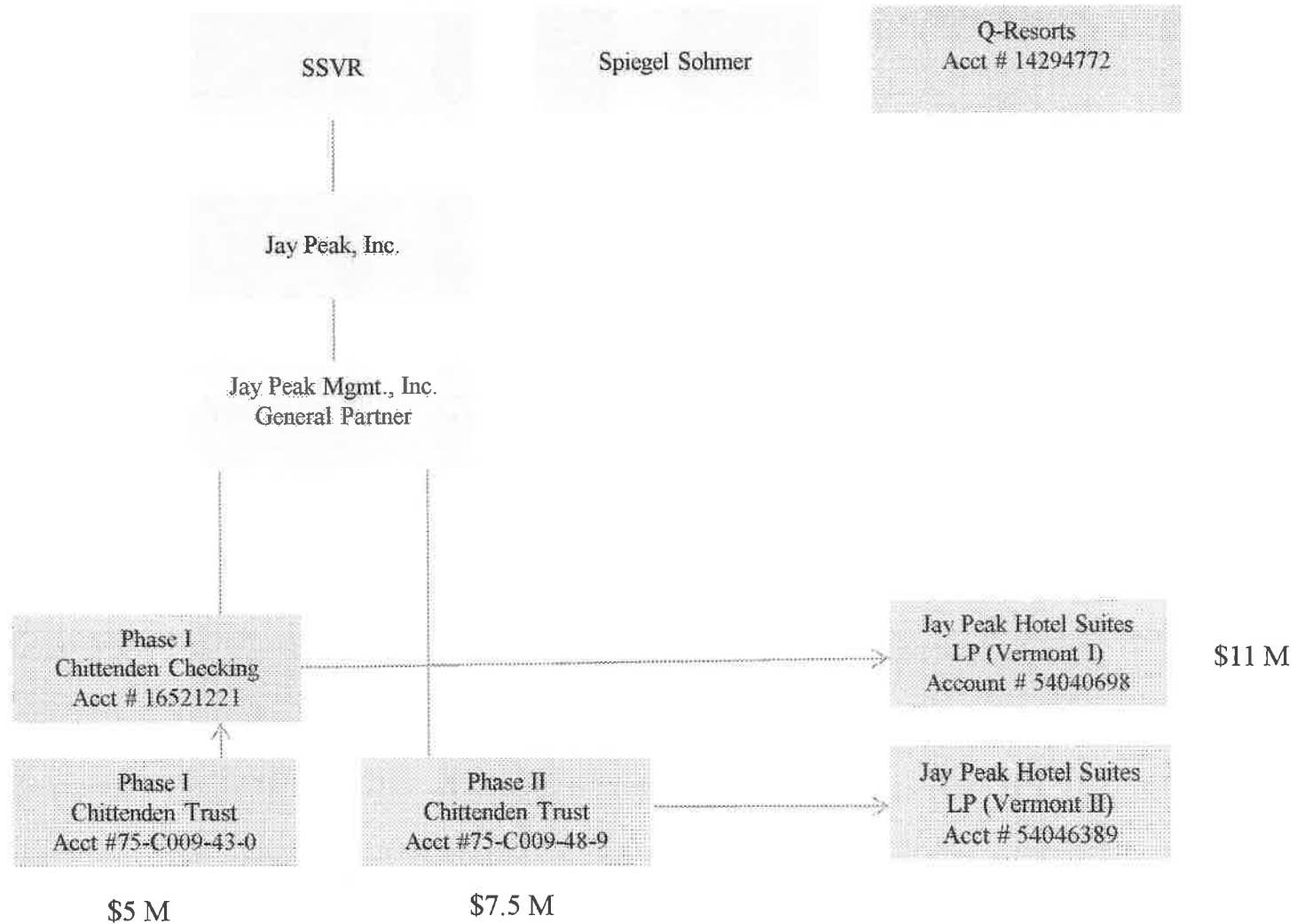
Income

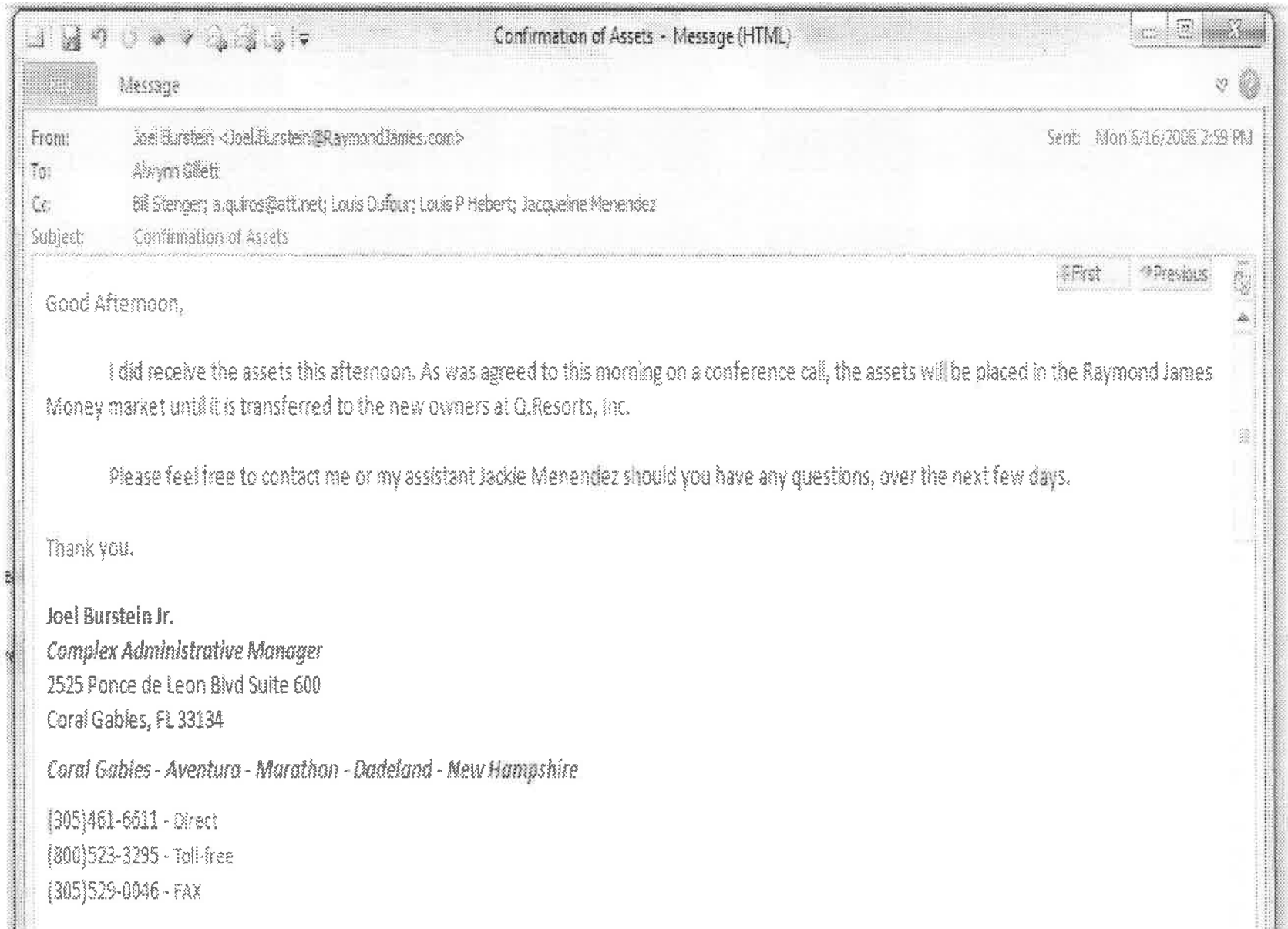
Type	This Statement	Year to Date
Interest on RJ Bank Deposit Program	\$2,566.60	\$2,566.60
Total Income	\$2,566.60	\$2,566.60

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$0.00 RJ Bank Deposit Program Balance
08/16/2008	Deposit	Deposit	Cash			\$9,000,000.00	\$9,000,000.00	IN WIFE CHITTENDENTRUST CO
08/17/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(9,000,000.00)	\$0.00	\$(9,000,000.00 RJ Bank Deposit Program Balance)
08/19/2008	Deposit	Deposit	Cash			\$3,000,000.00	\$3,000,000.00	IN WIFE CHITTENDENTRUST CO
08/18/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(9,000,000.00)	\$0.00	\$(11,000,000.00 RJ Bank Deposit Program Balance)

Purchase of Jay Peak Resort: June 23, 2008 Closing







June 18, 2008

Mr. Joel Burstein
Raymond James & Associates Inc.
2525 Ponce de Leon Blvd.
Suite 600
Coral Gables, Florida
33134

**RE: Account Number 54040698
Jay Peak Hotel Suites LP**

Dear Joel,

Further to our telephone conversation of this morning and your letter of yesterday, we would like to confirm the following:

1. Raymond James is lending QResorts Inc. the funds necessary for the purchase of the Jay Peak Resort;
2. We will work with Mr. Quiros' attorney to determine the precise amount required for this transaction and notify you of same;
3. We will also establish with Mr. Quiros' attorney the mechanism to close, including the simultaneous wiring of funds to a number of different entities upon the closing of this transaction, so that amounts will be paid directly to both Saint-Sauveur Valley Resorts ("SSVR") and the secured creditors at the same time, in order for SSVR to be able to deliver clear title to the assets of the Jay Peak Resort;
4. The funds currently in account number 54040698 belong to the Jay Peak Hotel Suites Limited Partnership. These funds were invested by immigrant investors in this limited partnership and must be held and/or used strictly in accordance with the limited partnership agreement, a copy of which I understand has already been provided to you. You confirmed that these funds will not be used in any manner, including as collateral or a guarantee, to finance the Purchaser of the Jay Peak Resort.
5. Similarly, any funds received from investors in connection with Phase II of the Jay Peak EB-5 project are subject to restrictions as to their use and investment. Since our conversation, we have been advised that these funds, together with additional funds received from Phase I investors whose applications have not yet been approved, are currently being held in an escrow account at the Chittenden Bank pursuant to an escrow agreement which we will forward to you as soon as we obtain a copy. Raymond James will have to be substituted as the Escrow Agent thereunder before the funds in these accounts may be transferred. Once again these funds may not be used in any manner, including as collateral or a guarantee, to fund the purchase of the Jay Peak Resort.

Spiegel Sohmer Inc.

5, Place Ville-Marie
Bureau 1203
Montréal, Québec
H3B 2G2
Tél.: (514) 875-2100
Fax: (514) 875-8230/65743

From: Joel Burstein <Joel.Burstein@RaymondJames.com>
Sent: Wednesday, June 18, 2008 5:50 PM
To: Janice Naymark
Cc: Fred Burgess; Alwynn Gillett; wjkelly@mindspring.com
Subject: RE: Jay Peak Limited Partnership

Janice,

Ok, my apologies in not being clear. In no way am I going back on the items of our conversation, however, I do believe there was some confusion. Let me address each issue below.

1. You are correct Raymond James will be financing the transaction through QResorts Inc. as Mr. Quiros is our client.
2. You are correct we will wiring the money as instructed, it doesn't have to be Mr. Burgess as was written in my letter yesterday.
3. None of the funds in the MSSJ Jay Peak Hotel Suites LP will be used for margin, as this was not approved by Mr. Dufour & Mr. Hebert.

Thank you.

Joel Burstein Jr.

Complex Administrative Manager

Coral Gables - Aventura - Marathon - Dadeland - New Hampshire

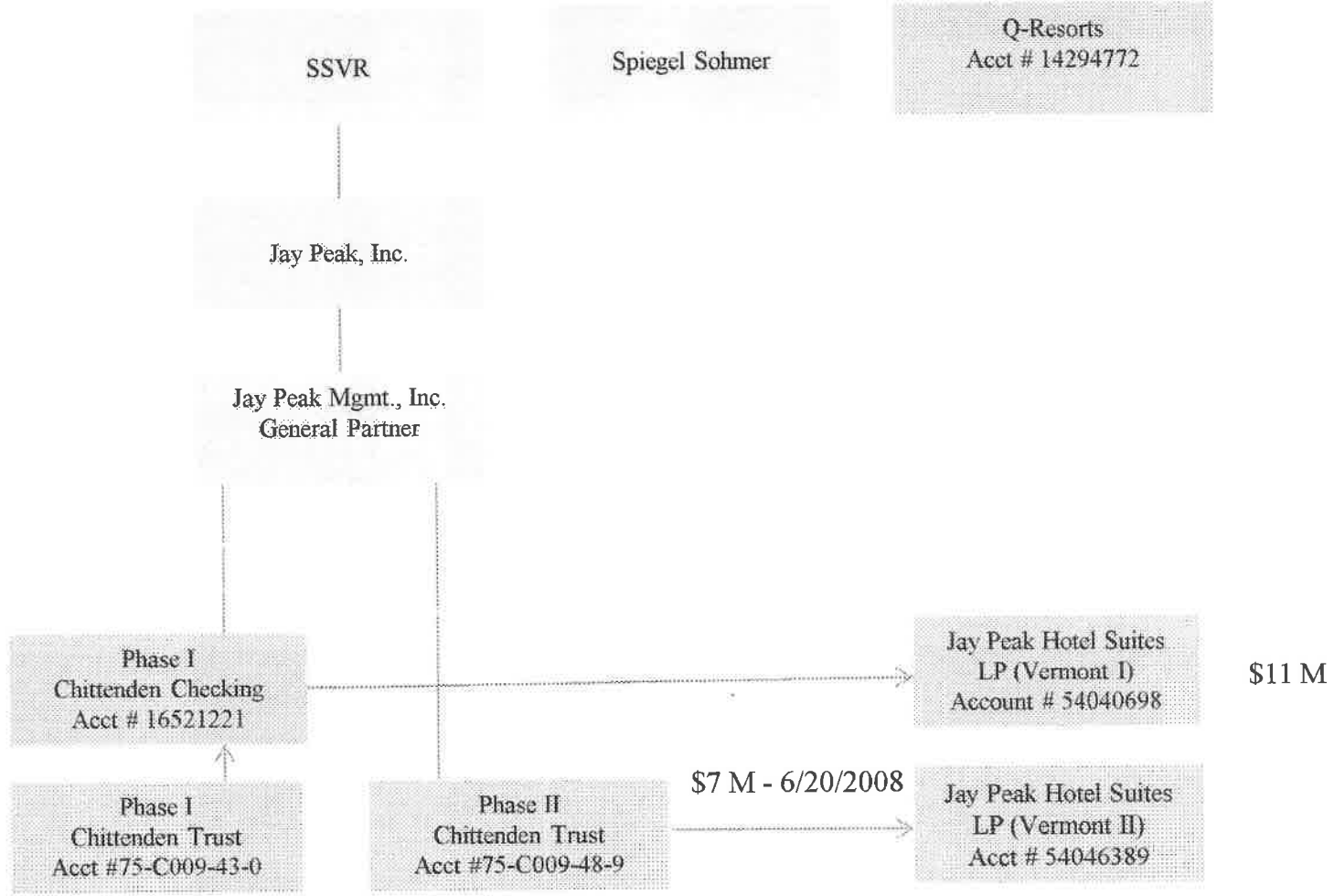
Branch 33E / 37Q / 33D / 3DB / 3CU Speed Dial 6420

(305)461-6611 - Direct

(800)523-3295 - Toll-free

(305)529-0046 - FAX

Purchase of Jay Peak Resort: June 23, 2008 Closing



June 17 to June 30, 2008

RAYMOND JAMES

Your Activity

Investment Account No. 54046359

Activity Summary

Deposits			Withdrawals			Cash Sweep Transfers	
Type	This Statement	Year to Date	Type	This Statement	Year to Date	Type	This Statement
Deposits	\$7,000,000.00	\$7,000,000.00	Withdrawals	\$(7,000,000.00)	\$(7,000,000.00)	Transfers From	\$7,000,000.00
Total Deposits	\$7,000,000.00	\$7,000,000.00	Total Withdrawals	\$(7,000,000.00)	\$(7,000,000.00)	Transfers To	\$(7,000,000.00)
						Net Transfers	\$0.00

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or QUSF)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$0.00 RJ Bank Deposit Program Balance
06/20/2008	Deposit	Deposit	Cash			\$7,000,000.00	\$7,000,000.00	IN WIRE CHATTENOEN
06/25/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(7,000,000.00)	\$0.00	\$(7,000,000.00) RJ Bank Deposit Program Balance
06/25/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$7,000,000.00	\$7,000,000.00	\$0.00 RJ Bank Deposit Program Balance
06/25/2008	Withdrawal	Withdrawal	Cash			\$(7,000,000.00)	\$(0.00)	TRF TO # 54046370

Sent: Thursday, July 10, 2008 5:43 PM
To: Foerst-Bilodeau, Jessica
Cc: Sarah Dorris; visa@visausa.com
Subject: RAPID USA JAY PEAK PHASE II

Jessica,

PHASE II ESCROW

Here's the breakdown of the \$7,000,000 transferred by Bill to Raymond James.

Could you please calculate the interest due each investor from investment date to date of transfer out of funds, let me know ASAP, we have to pay this interest to these investors.

Thanks,

Douglas
 RAPID USA

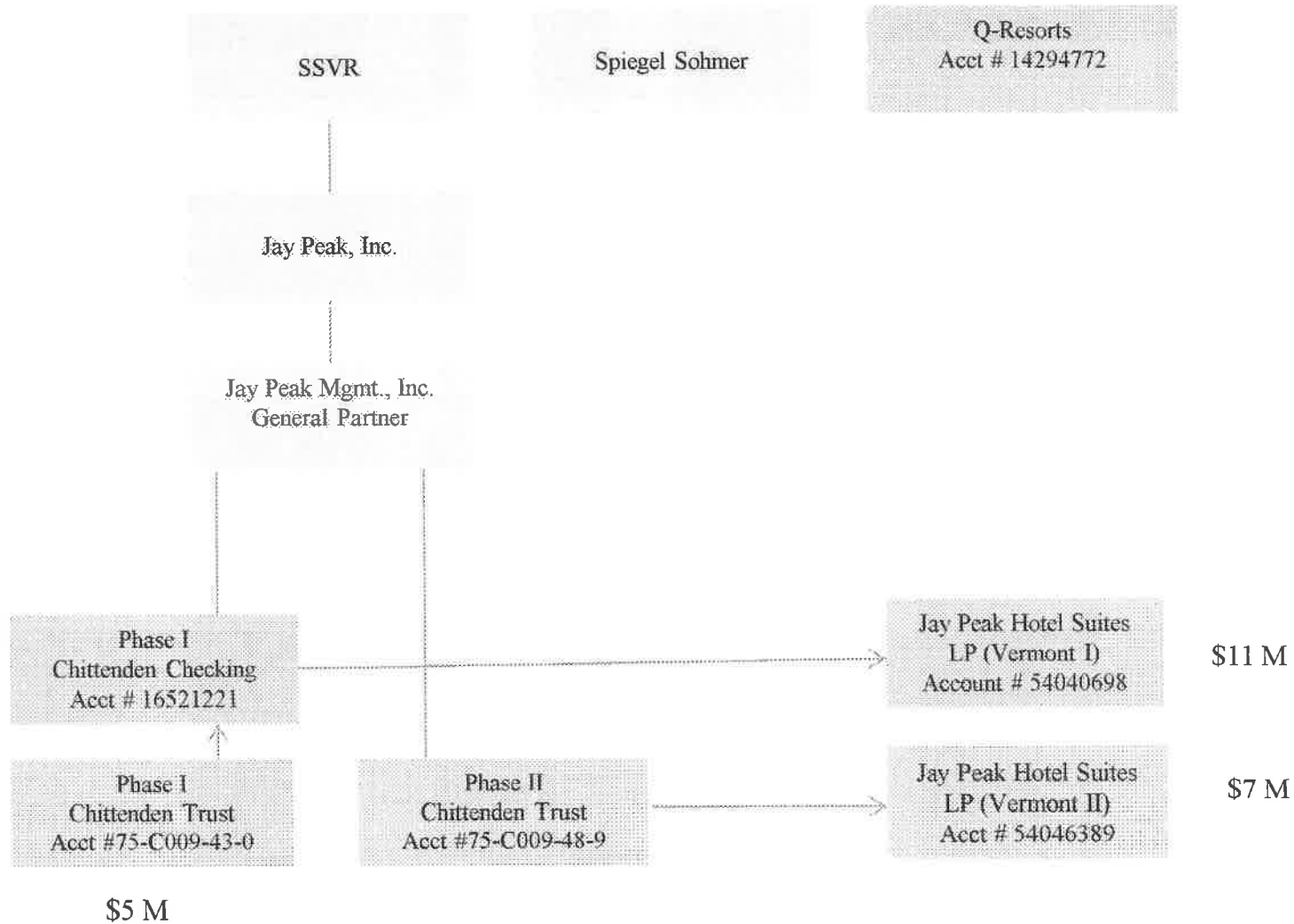
PHASE II INVESTORS SUBSCRIBED

First Name	Last Name	Inv. Amount	Investment Date:	Interest to June 22, 2008	Trans: to R James
Anton	Van Usen	\$500,000	4/8/2008		6/23/2008
Munish	Kumar	\$500,000	4/18/2008		6/23/2008
Charles	Archibald	\$500,000	4/22/2008		6/23/2008
Clare	King	\$500,000	4/23/2008		6/23/2008
Joe	Allon	\$500,000	4/23/2008		6/23/2008
Hatem	Rizkalia	\$500,000	4/26/2008		6/23/2008
Alex	Lukianchokov	\$500,000	5/5/2008		6/23/2008
Bianca	Neito	\$500,000	5/16/2008		6/23/2008
James	Jarvo	\$500,000	5/23/2008		6/23/2008
Carole	Clark	\$500,000	5/22/2008		6/23/2008
Lucy	Clark	\$500,000	5/28/2008		6/23/2008
Roberta	Dias	\$500,000	5/29/2008		6/23/2008
Arthur	Buchner	\$500,000	5/30/2008		6/23/2008
Birinder	Bhullar	\$500,000	6/2/2008		6/23/2008
TOTAL:		\$7,000,000			

--
 Douglas Hulme FCCA
 Chartered Certified Accountant
 RAPID USA

note 1 in Trail N.

Purchase of Jay Peak Resort: June 23, 2008 Closing



Sale to Q Resorts was signed on **June 23, 2008 at approximately 3:00 PM**

Notice of transfer from William Stenger to Raymond James to transfer title and control of accounts of Jay Peak Hotel Suite LP1 and Jay Peak Hotel Suite LP2 at **June 23, 2008 at 3:42 PM**

June 23, 2008

Raymond James c/o
Joel Burstein, Jr.
Complex Administrative Manager
2525 Ponce de Leon Blvd.
Suite 600
Coral Gables, FL 33134

Dear Mr. Burstein:

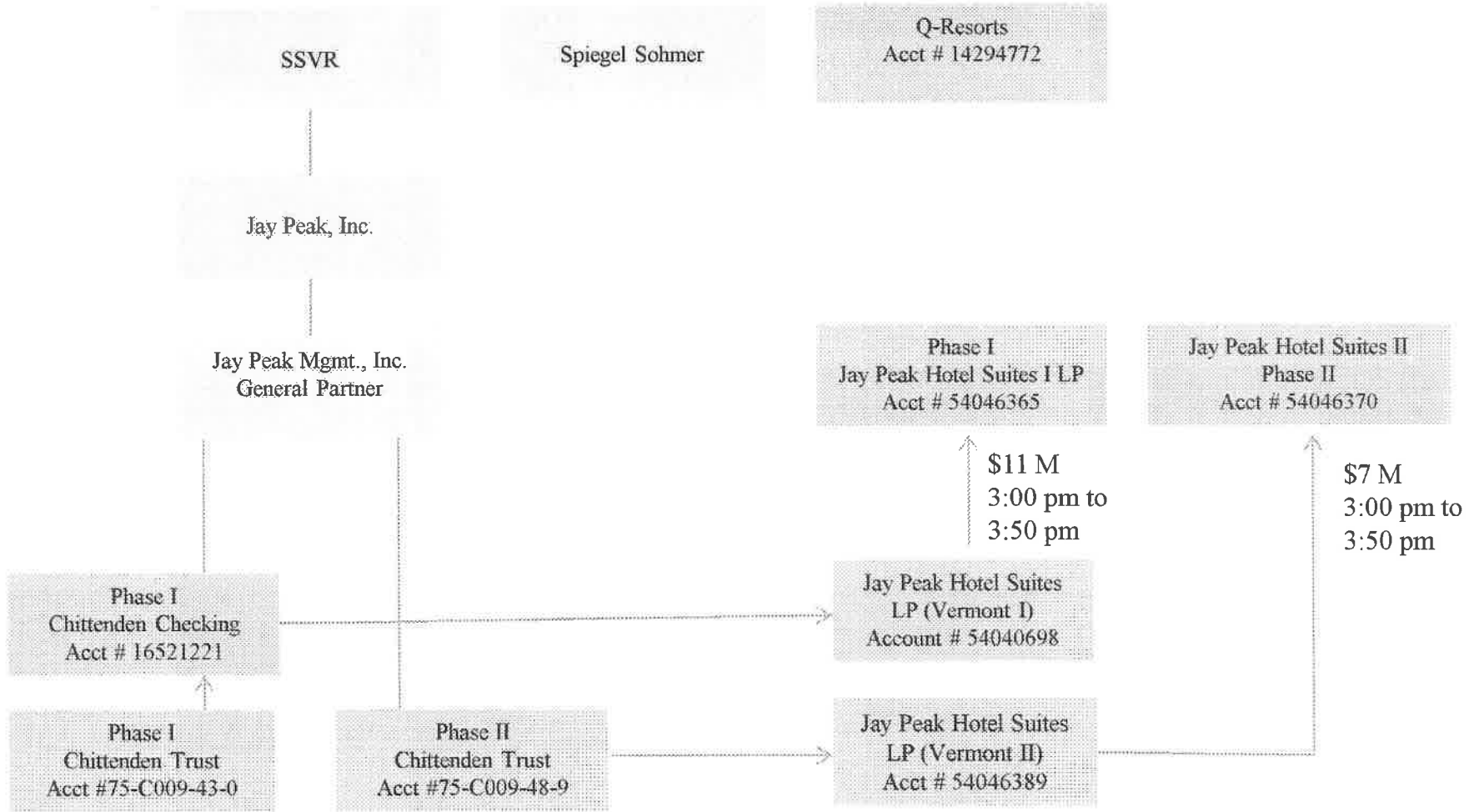
Pursuant to a unanimous corporate vote executed by the Board of Directors of Jay Peak, Inc. ("Corporation") on June 20, 2008, a copy which is attached, I hereby instruct Raymond James to re-title all accounts that are in the name of Jay Peak, Inc including Jay Peak Hotel Suite LP1 and Jay Peak Hotel Suite LP2 and immediately transfer control and title to Q-Resorts, Inc.

Regards,



William Stenger
President
Jay Peak, Inc

Purchase of Jay Peak Resort: June 23, 2008 Closing



June 16 to June 30, 2008

RAYMOND JAMES**Your Activity**

Investment Account No. 54046365

Activity Summary**Deposits**

Type	This Statement	Year to Date
Deposits	\$11,002,586.80	\$11,002,586.80
Total Deposits	\$11,002,586.80	\$11,002,586.80

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$9,899,000.00	\$9,899,000.00
Total Withdrawals	\$9,899,000.00	\$9,899,000.00

Purchases

Type	This Statement	Year to Date
Purchases	\$10,992,080.94	\$10,992,080.94
Total Purchases	\$10,992,080.94	\$10,992,080.94

Income

Type	This Statement	Year to Date
Interest on RJ Bank Deposit Program	\$136.30	\$136.30
Total Income	\$136.30	\$136.30

Expenses

Type	This Statement	Year to Date
Interest Expenses	\$5,456.40	\$5,456.40
Total Expenses	\$5,456.40	\$5,456.40

Cash Sweep Transfers

Type	This Statement
Transfers From	\$3,402,586.80
Transfers To	\$3,402,586.80
Net Transfers	\$0.00

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$0.00 RJ Bank Deposit Program Balance
06/23/2008	Deposit	Deposit	Cash			\$11,002,586.80	\$11,002,586.80	TRF FR # 54046365
06/23/2008	Withdrawal	Withdrawal	Cash			\$7,300,000.00	\$3,702,586.80	TRF TO # 14294772
06/24/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$3,402,586.80	\$0.00	\$2,402,586.80 RJ Bank Deposit Program Balance
06/24/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$3,402,586.80	\$3,402,586.80	\$0.00 RJ Bank Deposit Program Balance
06/25/2008	Purchase	Purchase	US TREASURY BILLS OID 07/24/2008 DUE 07/24/2008 (912796F63)	11,000,000.000	\$39.927	\$10,992,080.94	\$7,000,514.30	



123456789101112

Peak-VT-RJA^00166

Investments - Activity

Page 6 of 8

June 16 to June 30, 2008

RAYMOND JAMES

Your Activity

Investment Account No. 64046370

0159573

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$7,000,000.00	\$7,000,000.00
Total Deposits	\$7,000,000.00	\$7,000,000.00

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$(8,290,000.00)	\$(8,290,000.00)
Total Withdrawals	\$(8,290,000.00)	\$(8,290,000.00)

Purchases

Type	This Statement	Year to Date
Purchases	\$8,994,982.08	\$8,994,982.08
Total Purchases	\$8,994,982.08	\$8,994,982.08

Income

Type	This Statement	Year to Date
Interest at RJ Bank Deposit Program	\$48.82	\$48.82
Total Income	\$48.82	\$48.82

Expenses

Type	This Statement	Year to Date
Interest Expenses	\$(3,459.43)	\$(3,459.43)
Total Expenses	\$(3,459.43)	\$(3,459.43)

Cash Sweep Transfers

Type	This Statement
Transfers From	\$1,000,000.00
Transfers To	\$(1,000,000.00)
Net Transfers	\$0.00

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or QUOTE)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$0.00 RJ Bank Deposit Program Balance
06/23/2008	Deposit	Deposit	Cash			\$7,000,000.00	\$7,000,000.00	TRF FR # 54046399
06/23/2008	Withdrawal	Withdrawal	Cash			\$(8,000,000.00)	\$1,000,000.00	TRF TO # 14094772
06/24/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(1,000,000.00)	\$0.00	\$1,000,000.00 RJ Bank Deposit Program Balance
06/25/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$1,000,000.00	\$1,000,000.00	\$0.00 RJ Bank Deposit Program Balance
06/25/2008	Purchase	Purchase	US TREASURY BILLS OID 07/24/2008 DUE 07/24/2008 (912796F63)	7,000,000.000	\$99.927	\$8,994,982.08	\$8,994,982.08	

Wire Instruction from Ariel Quiros to Joel Burnstein to transfer \$7.6 million from Jay Peak Hotel Suite LP1 (Raymond James Acct No. 54046365) and \$6 million from Jay Peak Hotel Suite LP2 (Raymond James Acct No. 540446370) to Q-Resorts (Raymond James Acct No. 14294772) at **June 23, 2008 at 3:50 PM**

Quiros Authorization

Dear Joel,

Please transfer \$16,000,000 per the instructions below.


Jay Peak Hotel Suites to O Resorts, Inc.

From: A/C 54046365 to A/C 14294772
\$7,600,000

+

From: A/C 54046370 to A/C 14294772
\$6,000,000

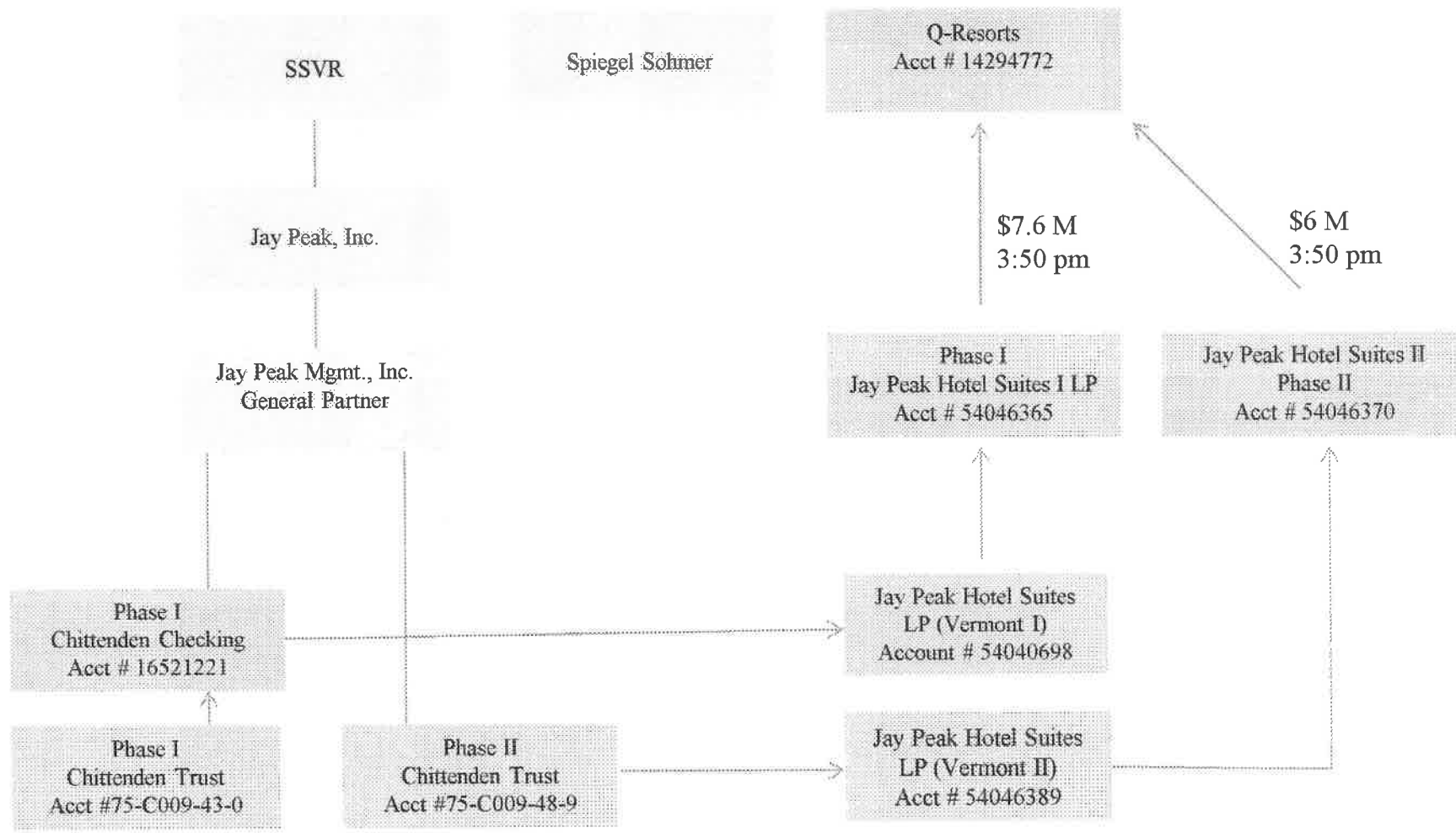
Thank you,


Abel Quiros

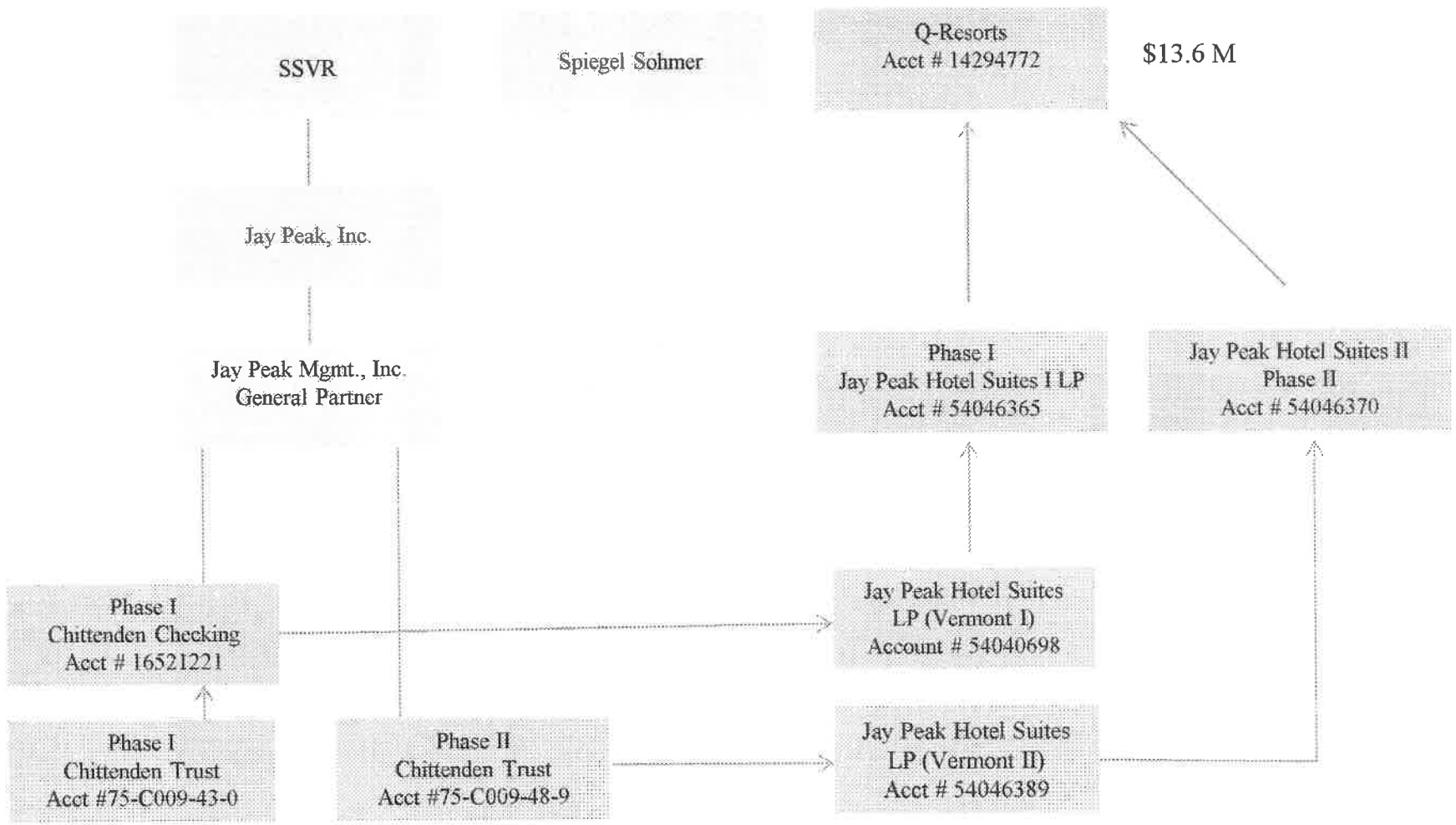

LOA APPROVED BY:
BRANCH MANAGER

* Side w/ client.

Purchase of Jay Peak Resort: June 23, 2008 Closing



Purchase of Jay Peak Resort: June 23, 2008 Closing



Wire Instruction from Ariel Quiros to Joel Burnstein to transfer \$13,544,346 from Q-Resorts (Raymond James Acct No. 14294772) to Spiegel Sohmer, counsel to SSVR, pursuant to the Purchase and Sale agreement entered into by SSVR and Q Resorts regarding the sale of Jay Peak Resorts approximately an hour earlier.

Quiros Authorization

6/23/08

Due to Transfers and sent via wire transfer to the following account

TD Canada Trust
3590 St-Laurent Boulevard
Montreal (Quebec) H2X 2V3
Canada
Bank ID: 004
Branch Transit Number 47201
Swift Number: TDOMCATMTL
Account Number (US Currency): 7320171
Transfers should be made to the order of: Spiegel Sotuner Inc. "In Trust"

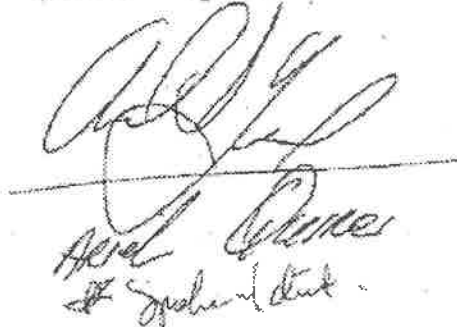
The amount to be wired to the Transfers is:	\$15,000,000.00
Less Deposit	-350,000.00
Less Promised Advanced Interest (6/23/08 to 8/15/08)	-105,654.00
Gross Amount Due to Transfers	\$14,544,346.00
Less (1/2 of outstanding Operating Line at Chittenden Bank)	-1,000,000.00
Net Amount Due to Transfers	13,544,346.00

Dear Joel,

Please transfer the above amount per the wiring instructions.

Thank you,

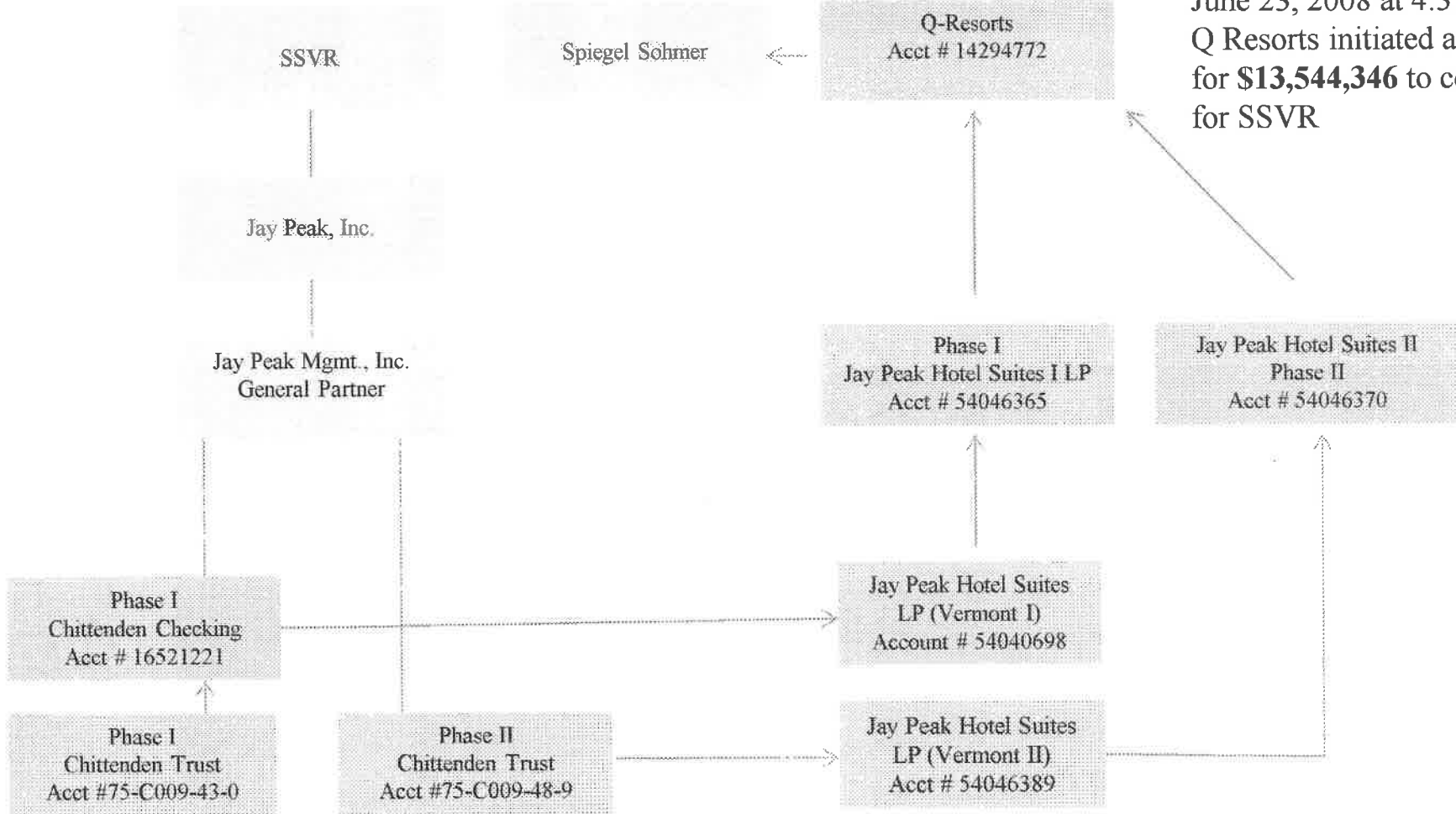

 LGA APPROVED BY: _____
 BRANCH # _____
 6/23/08


 Joel Quiros
 # Spiegel Sotuner Inc.

Purchase of Jay Peak Resort: June 23, 2008 Closing

\$13,544,346

June 23, 2008 at 4:37 PM
Q Resorts initiated a wire
for **\$13,544,346** to counsel
for SSVR



RAYMOND JAMES

Your Activity

Investment Account No. 14204772

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$16,180,040.00	\$16,180,040.00
Total Deposits	\$16,180,040.00	\$16,180,040.00

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$(16,173,120.42)	\$(16,173,120.42)
Total Withdrawals	\$(16,173,120.42)	\$(16,173,120.42)

Cash Sweep Transfers

Type	This Statement
Transfers From	\$48,734.42
Transfers To	\$(55,654.00)
Net Transfers	\$(6,919.58)

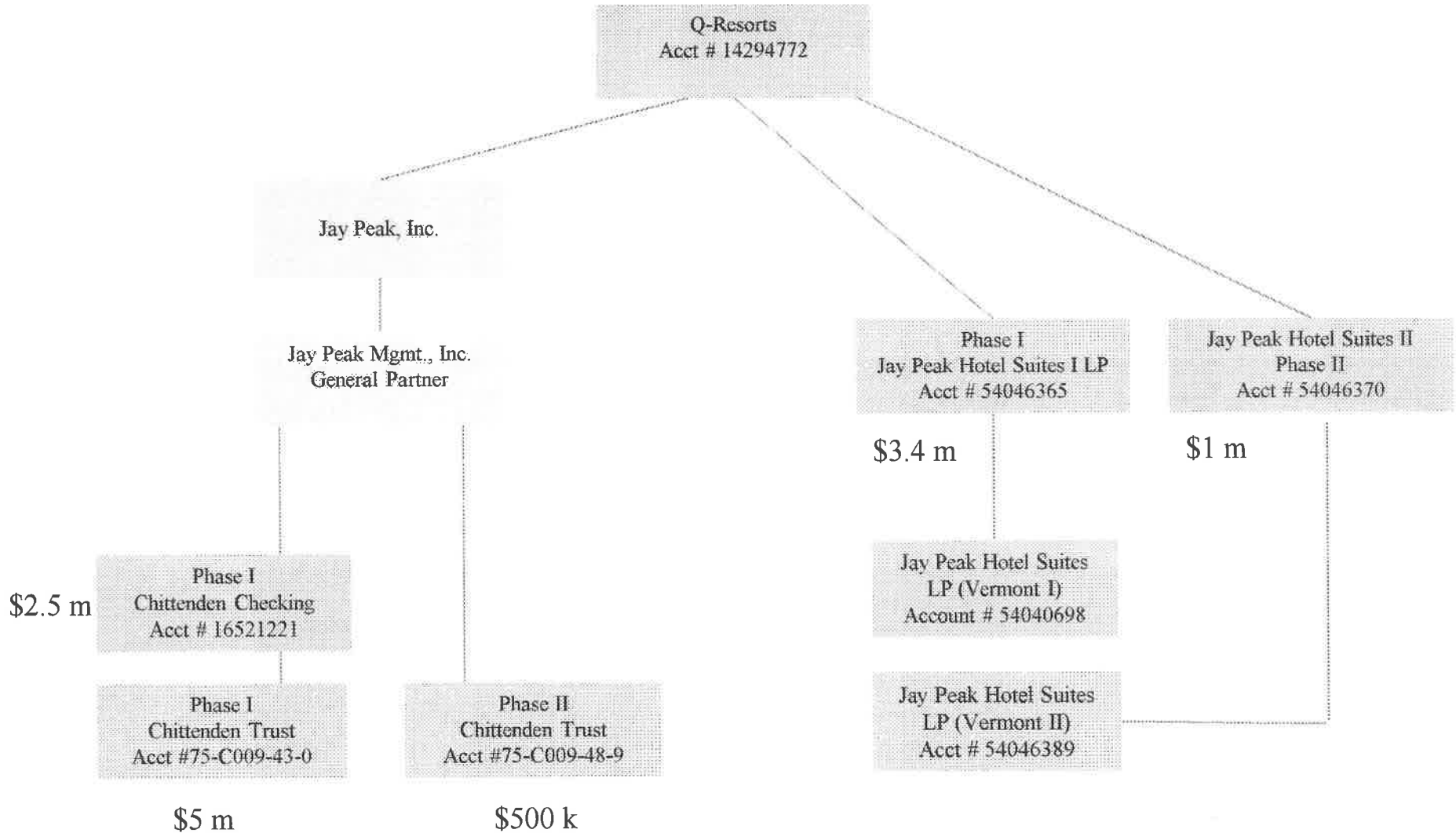
Income

Type	This Statement	Year to Date
Interest on RJ Bank Deposit Program	\$7.80	\$7.80
Total Income	\$7.80	\$7.80

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or QRFP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$0.00 RJ Bank Deposit Program Balance
06/23/2008	Deposit	Deposit	Cash			\$7,600,000.00	\$7,600,000.00	TRF FR # 54040325
06/23/2008	Deposit	Deposit	Cash			\$8,000,000.00	\$15,600,000.00	TRF FR # 54040370
06/25/2008	Withdrawal	Withdrawal	Cash			\$(13,044,346.00)	\$25,555.00	WIRE TO SP/REG. GOVER
06/26/2008	Withdrawal	Withdrawal	Cash			\$(93.00)	\$25,462.00	WIRE FR
06/30/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(55,614.00)	\$0.00	\$(55,614.00) RJ Bank Deposit Program Balance

Purchase of Jay Peak Resort: June 23, 2008 Closing



Subsequent Payments to SSVR
and SSVR Creditors Pursuant to
the June 23, 2008 Purchase and
Sale Agreement

THE BURGESS LAW FIRM, P.A.
A PROFESSIONAL ASSOCIATION



June 23, 2008

Raymond James c/o
Joel Bernstein, Jr.
Complex Administrative Manager
2725 Prince de Leon Blvd.
Suite 610
Coral Gables, FL 33134

Dear Mr. Bernstein:

My law firm is acting in the capacity of closing agent for the purchase and sale transaction currently taking place between Les Stations de la Vallée de Saint-Sauveur Inc. ("Transferor") and Offshore Inc. ("Transferee") for the purchase of all of the shares and assets of Jay Peak Inc., a Vermont Corporation ("Company").

Antonio Gullotti

My firm has provided the following closing settlement statement, and upon confirmation from interested parties including myself and Janice Thompson, Esquire, attorney for the Transferor, that the closing has been concluded, will instruct you to wire funds to the Transferor Company creditors identified below, and others identified below in accordance with this schedule at the Closing:

North Transferors and asset via wire transfer to the following account:
TD Canada Trust
1120 St-Laurent Boulevard
Montreal (Quebec) H2K 2V3
Canada
Bank ID: 084
Branch Transit Number 47201
Swift Number: TBOMCATM TL
Account Number (US Currency): 7320171
Transfers should be made to the order of Spiegel Schmer Inc. "In Trust"

The amount to be wired to the Transferors is:	514,880,346.00
Less Deposit	376,602.00
Less Unpaid Advanced Interest (5/23/08 to 5/13/08)	1,056,500.00
Order Amount Due to Transferors	514,544,346.00
Less 1/2 of outstanding Operating Line in Citibank Bank	1,000,000.00
Net Amount Due to Transferors	13,544,346.00

Due to Creditors and asset via wire transfer to the following account:
Community Bank of Broward
7400 N Commerce Parkway
Weston, FL 33326
ABA: 067015754
ACCOUNT NAME: BURGESS LAW FIRM, P.A. / 101A ACCOUNT
ACCOUNT NO.: 105001203

Handwritten signatures and initials, including a large signature and initials 'RH' and 'RH'.

Due to creditors and sent via Community Bank of Broward

Joel Bernstein, Jr.
June 20, 2008
Page 2

1.	Statewide Bond (Green Mountain Chair Lift)	\$1,292,784.45
2.	Vermont Economic Development Authority	600,645.89
3.	Chittenden Bank (Vehicle Loans)	74,346.35
4.	Chittenden Operating Credit Line	2,000,000.00*
5.	Chittenden Construction Line	358,332.02
Total Due to Creditors		\$5,322,114.96

Amounts owed to
Chittenden Bank:

\$2,000,000	Operating Line of Credit
\$554,338.07	Construction Line
\$74,346.35	Vehicle Loans
\$2,628,684.26	Total to Chittenden

IN WITNESS WHEREOF, each of the parties herein agrees that the aforementioned disbursement schedule is accurate as executed by its duly authorized representative as of the day and year first above written.

Transferor:
LES STATIONS DE LA VALLEE DE SAINT
SAUVEUR INC.

Per: [Signature]
Louis Robit

Per: [Signature]
Louis Dupont

[Signature]
Justice Naymark, Transferor's Attorney

Transferee:
GRESORTS, INC.

Per: [Signature]
Ariel Quiros, President

[Signature]
Frederick Burgess, Transferee's Attorney

Regards,

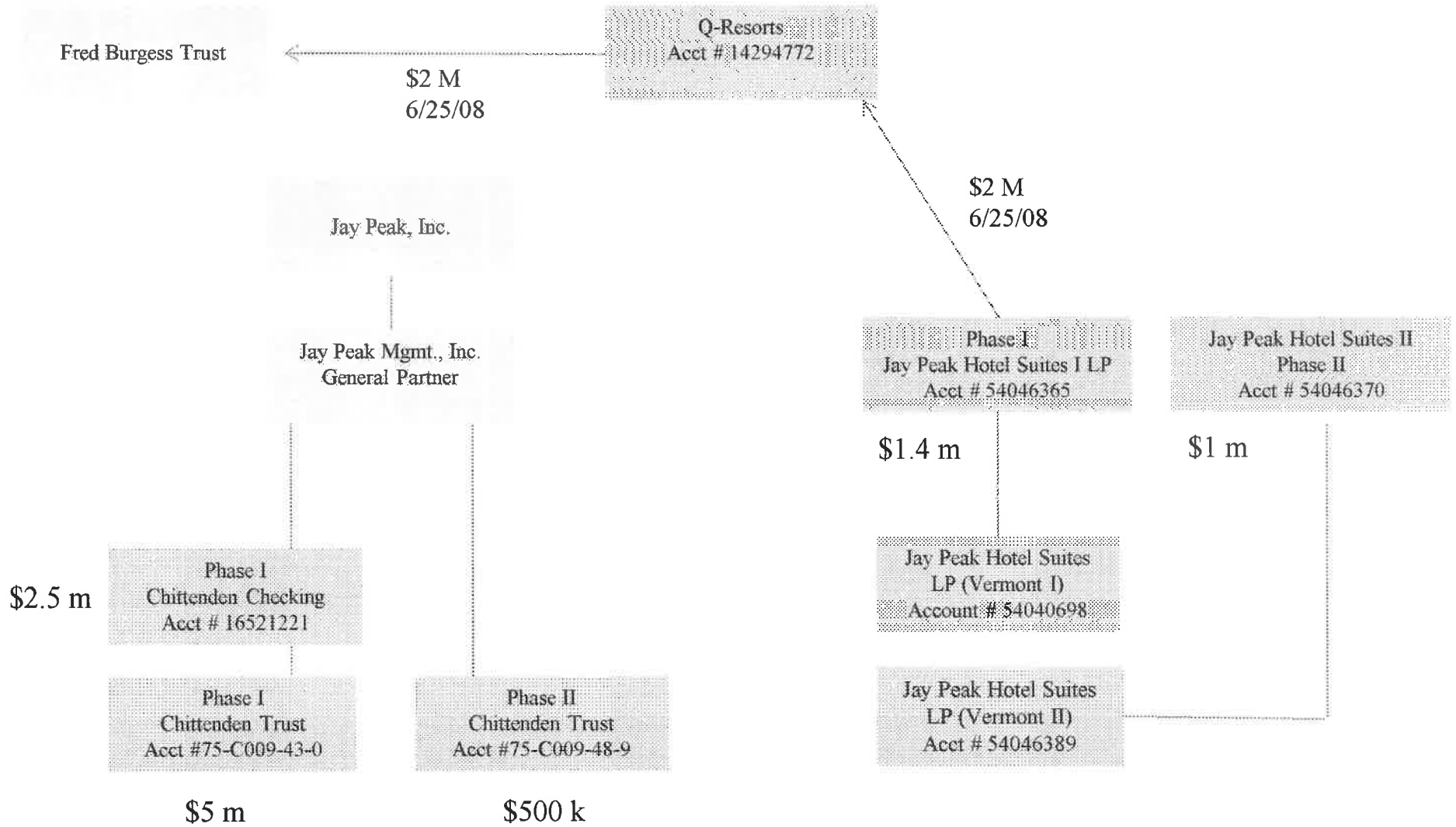
FREDERICK BURGESS

*"Subject to adjustment in accordance with the Stock Transfer Agreement"

- cc: Justice Naymark
- Ariel Quiros
- William Steeger
- William Kelly

[Handwritten initials]

Purchase of Jay Peak Resort: Chittenden Loan Payoff



June 16 to June 30, 2008

RAYMOND JAMES

Your Activity (continued)

Investment Account No. 84046385

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Desc
06/25/2008	Withdrawal	Withdrawal	Cash			(\$2,000,000.00)	\$9,586,014.34	TRF TO # 14294772
06/26/2008	Withdrawal	Withdrawal	Cash			(\$290,000.00)	\$9,296,014.34	TRF TO # 14294772
06/30/2008	Expense	Interest Expense	Ready Access Margin Loan Interest			(\$5,455.40)	\$9,290,558.94	3-day average balance \$9,321,214.04 average rate 4.000%
06/30/2008	Income	Interest of RJ Bank Deposit Program	Raymond James Bank Deposit Program			\$138.90	\$9,290,697.84	Interest on 1 days \$138.90 RJ Bank Deposit Program Balance

Cash Sweep Activity Recap

RJ Bank Deposit Program

Date	Activity Type	Amount	Source	Date	Activity Type	Amount	Source
07/15/2008	Beginning Balance		\$0.00				
06/04/2008	Transfer To	(\$3,402,566.00)	(\$3,402,566.00)	06/30/2008	Interest of RJ Bank Deposit Program	\$138.90	\$138.90
06/25/2008	Transfer From	(\$2,000,000.00)	\$0.00				

June 25, 2008 – Closing of Resort Purchase

0159588

May 1 to June 30, 2008

RAYMOND JAMES

Your Activity (continued)

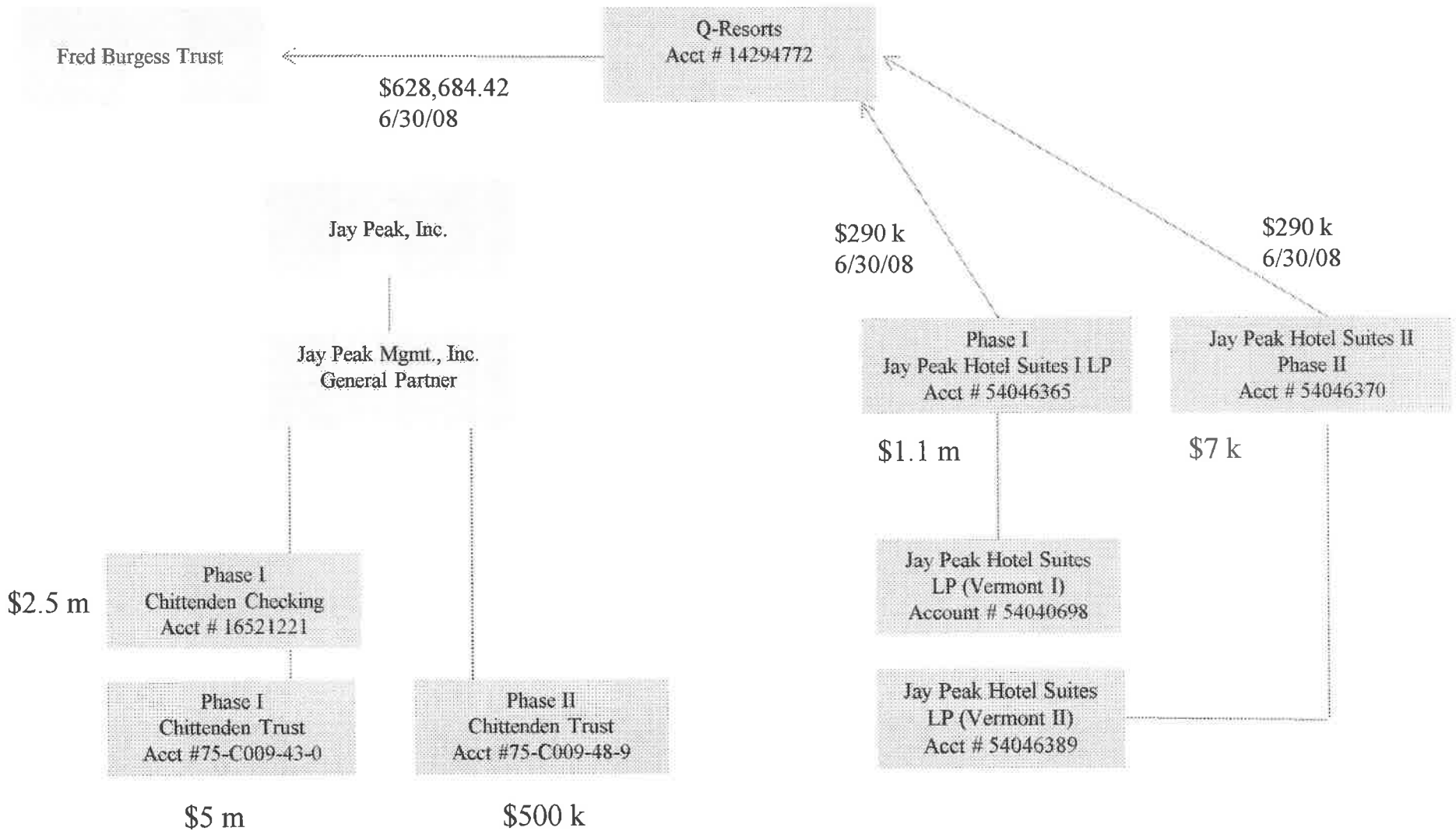
Investment Account No. 14294772

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
06/24/2008	Deposit	Deposit	Cash			\$40.00	\$40.00	REIMBURSEMENT FEE 14294772
06/25/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			(\$40.00)	\$0.00	\$65,504.00 RJ Bank Deposit Program Balance
06/25/2008	Deposit	Deposit	Cash			\$2,000,000.00	\$2,000,000.00	TRF FR # 64048250
06/25/2008	Withdrawal	Withdrawal	Cash			(\$2,000,000.00)	\$0.00	WIRE TO COMMUNITY BANK BIRMINGHAM
06/25/2008	Withdrawal	Withdrawal	Cash			(\$25.00)	(\$25.00)	WIRE FEE
06/25/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$25.00	\$0.00	\$65,529.00 RJ Bank Deposit Program Balance
06/25/2008	Deposit	Deposit	Cash			\$290,000.00	\$290,000.00	TRF FR # 64048250
06/25/2008	Deposit	Deposit	Cash			\$290,000.00	\$580,000.00	TRF FR # 64048250
06/26/2008	Withdrawal	Withdrawal	Cash			(\$68,884.40)	\$511,115.60	WIRE TO COMMUNITY BANK
06/26/2008	Withdrawal	Withdrawal	Cash			(\$25.00)	\$48,790.60	WIRE FEE
06/27/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$48,790.60	\$0.00	\$63,981.20 RJ Bank Deposit Program Balance
06/30/2008	Income	Interest on RJ Bank Deposit Program	Raymond James Bank Deposit Program			\$7.80	\$0.00	Interest on 0 days \$6,307.36 RJ Bank Deposit Program Balance

0159588

Purchase of Jay Peak Resort: Chittenden Loan Payoff



June 16 to June 30, 2008

RAYMOND JAMES

Your Activity (continued)

Investment Account No. 54048385

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
06/25/2008	Withdrawal	Withdrawal	Cash			\$2,000,000.00	\$8,588,514.38	TRF TO # 14294772
06/30/2008	Withdrawal	Withdrawal	Cash			\$290,000.00	\$8,298,514.38	TRF TO # 14294772
06/30/2008	Expense	Interest Expense	Ready Access Margin Loan Interest			\$15,458.40	\$8,283,055.98	5 days average balance \$8,821,014.54 average rate 4.000%
06/30/2008	Income	Interest of RJ Bank Deposit Program	Raymond James Bank Deposit Program			\$138.00	\$8,283,193.98	Interest on 1 Day \$138.00 RJ Bank Deposit Program Balance

Cash Sweep Activity Recap

RJ Bank Deposit Program

Date	Activity Type	Amount	Balance	Date	Activity Type	Amount	Balance
05/16/2008	Beginning Balance		\$0.00				
07/04/2008	Transfer To	\$2,492,500.00	\$2,492,500.00	06/30/2008	Interest of RJ Bank Deposit Program	\$138.00	\$138.00
06/25/2008	Transfer From	(\$2,492,500.00)	\$0.00				

June 15 to June 30, 2008

RAYMOND JAMES

Your Activity (continued)
Investment Account No. 54046370

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CURFP)	Quantity	Price	Amount	Cash Balance	Additional Detail
06/25/08	Withdrawal	Withdrawal	Cash			\$1,000,000.00	\$6,284,862.00	TRF TO # 14284778
06/30/08	Income	Interest at RJ Bank Deposit Program	Raymond James Bank Deposit Program			\$41.82	\$6,284,903.82	Interest on 1-day \$41.82 RJ Bank Deposit Program Balance
06/30/08	Expense	Interest Expense	Cash Debit Interest			\$668.19	\$6,284,235.63	1-day average balance \$6,284,862.00 overnight @ 4.133%
06/30/08	Expense	Interest Expense	Ready Access Margin Loan Interest			\$1,793.00	\$6,282,442.63	4-day average balance \$6,284,862.00 overnight @ 4.133%

Cash Sweep Activity Recap

RJ Bank Deposit Program

Date	Activity Type	Amount	Balance	Date	Activity Type	Amount	Balance
06/16/08	Beginning Balance		\$0.00				
06/24/08	Transfer To	\$1,000,000.00	\$1,000,000.00	06/30/08	Interest at RJ Bank Deposit Program	\$41.82	\$41.82
06/25/08	Transfer From	\$1,000,000.00	\$0.00				

June 25, 2008 – Closing of Resort Purchase

May 1 to June 30, 2008

RAYMOND JAMES™

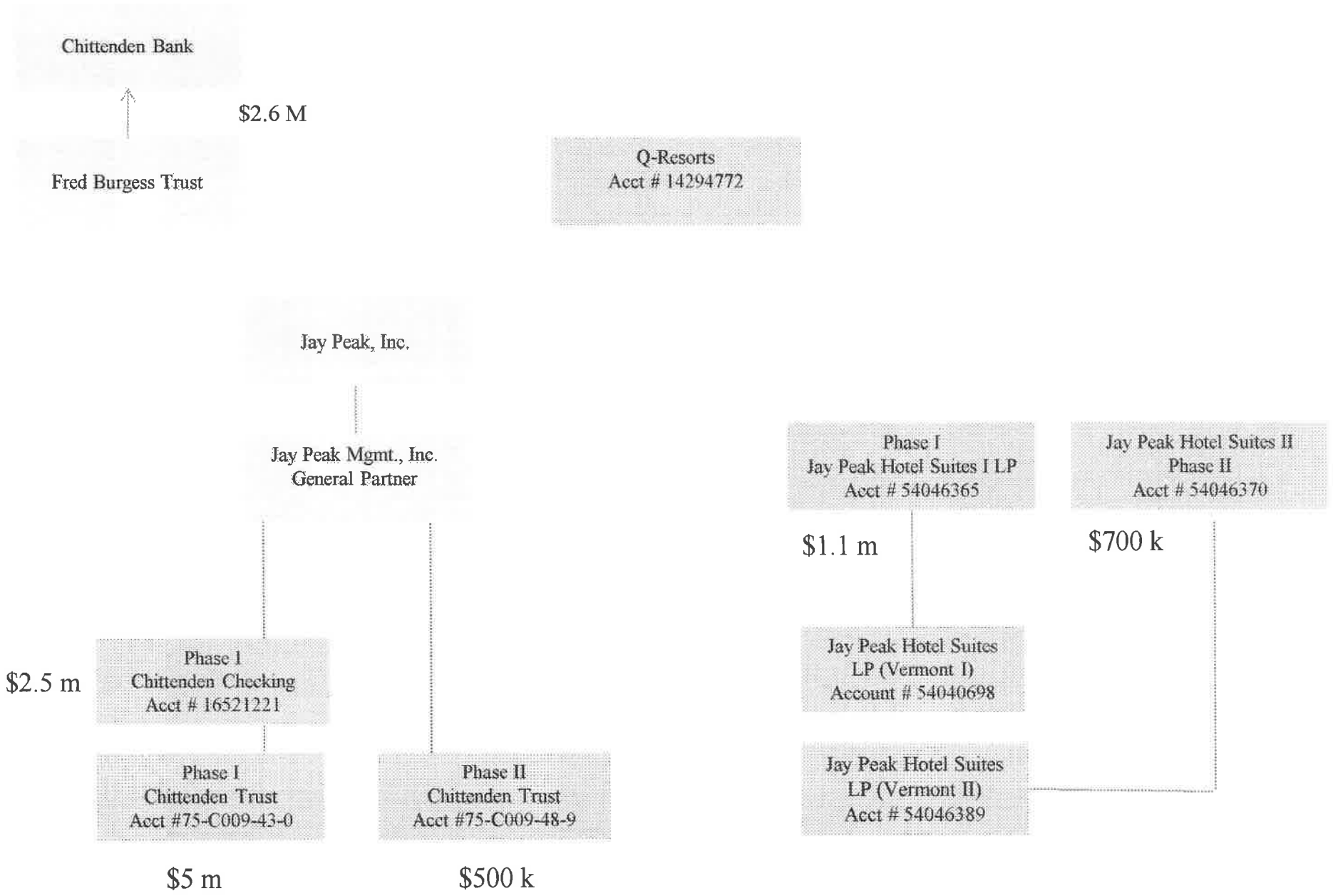
Your Activity (continued)

Investment Account No. 14094772

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
06/24/2008	Deposit	Deposit	Cash			\$40.00	\$40.00	REPLACEMENT FEE 14094772
06/25/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(40.00)	\$0.00	\$00,004.00 RJ Bank Deposit Program Balance
06/25/2008	Deposit	Deposit	Cash			\$2,000,000.00	\$2,000,000.00	TRF FR # 54040300
06/25/2008	Withdrawal	Withdrawal	Cash			\$(2,000,000.00)	\$0.00	WIRE TO COMMUNITY BANK BR/269480
06/25/2008	Withdrawal	Withdrawal	Cash			\$(25.00)	\$(25.00)	WIRE FEE
06/25/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$25.00	\$0.00	\$00,029.00 RJ Bank Deposit Program Balance
06/26/2008	Deposit	Deposit	Cash			\$290,000.00	\$290,000.00	TRF FR # 54040300
06/26/2008	Deposit	Deposit	Cash			\$290,000.00	\$580,000.00	TRF FR # 54040370
06/26/2008	Withdrawal	Withdrawal	Cash			\$(48,984.40)	\$531,015.60	WIRE TO COMMUNITY BANK
06/26/2008	Withdrawal	Withdrawal	Cash			\$(25.00)	\$506,030.60	WIRE FEE
06/27/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$45,709.42	\$0.00	\$0019,000 RJ Bank Deposit Program Balance
06/30/2008	Income	Interest on RJ Bank Deposit Program	Raymond James Bank Deposit Program			\$7.50	\$0.00	Interest on 31 days \$0,007.50 RJ Bank Deposit Program Balance

Purchase of Jay Peak Resort: Chittenden Loan Payoff



Joel Bernstein, Jr.
June 20, 2008
Page 2

1.	Stratavest Bond (Great Mousmin Chair L (B))	\$1,292,284.65
2.	Vermont Economic Development Authority	600,645.89
3.	Chittenden Bank (Vehicle Loans)	74,346.35
4.	Chittenden Operating Credit Line	2,000,000.00*
5.	Chittenden Construction Line	554,114.07
Total Due to Creditors		\$5,122,114.96

Amounts owed to
Chittenden Bank:

\$2,000,000	Operating Line of Credit
\$554,338.07	Construction Line
\$74,346.35	Vehicle Loans
\$2,628,684.26	Total to Chittenden

IN WITNESS WHEREOF, each of the parties herein agrees that the aforementioned disbursement schedule is accurate as executed by its duly authorized representatives as of the day and year first above written.

Transferor:
LES STATIONS DE LA VALLÉE DE SAINT
SAUVEUR INC.

Per:
Louis Hebert

Per:
Louis Hebert

Justice Naymar, K. Transferee's Attorney
Atty at Law

Transferor:
RESORTS, INC.

Per:
Ariel Quiros, President

Per:
Frederick Burgess, Transferee's Attorney

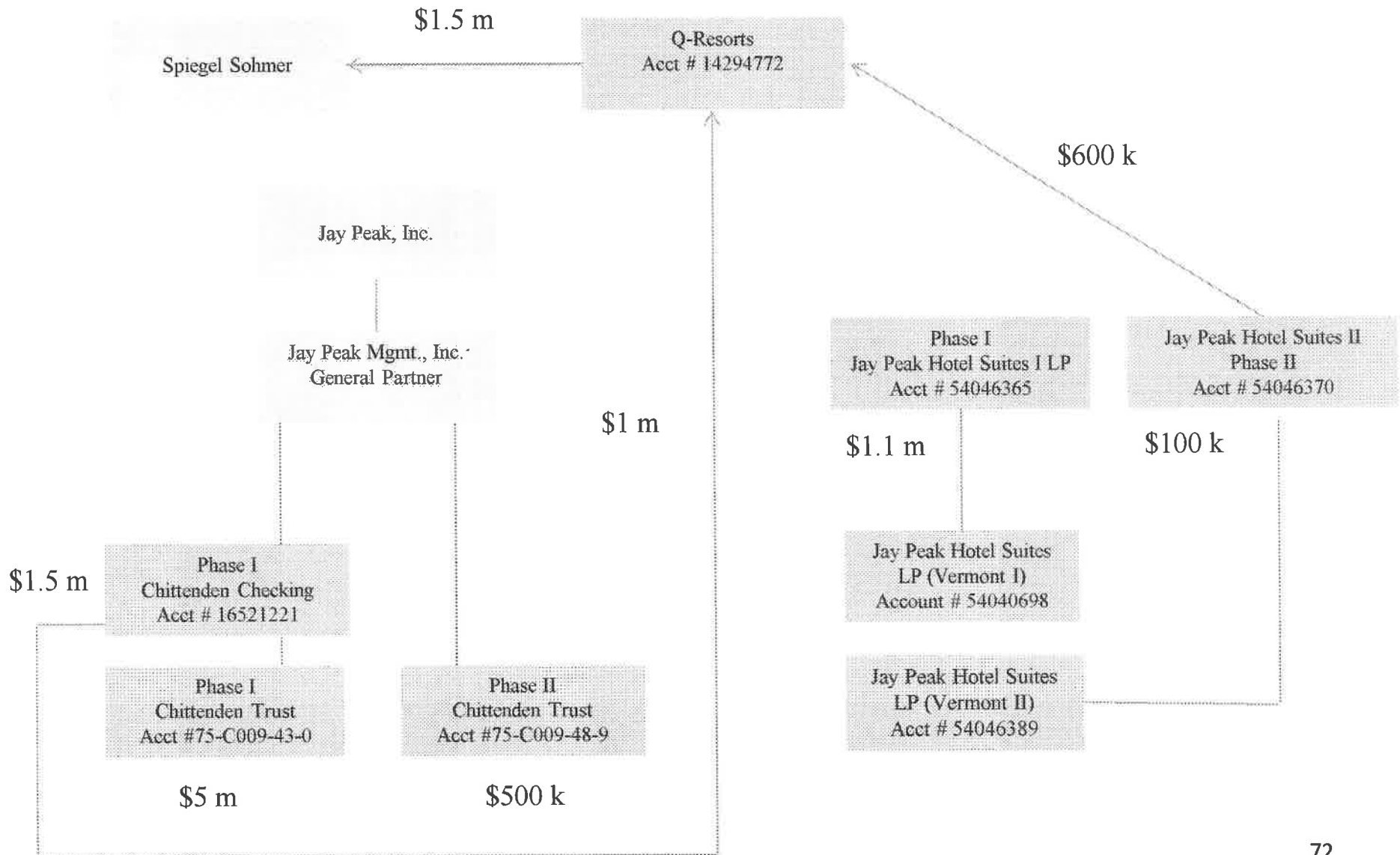
Regards,

FREDERICK BURGESS

*Subject to adjustments in accordance with the Stock Transfer Agreement

cc: Justice Naymar,
Ariel Quiros
William Streger
William Kelly

Purchase of Jay Peak Resort: July 1, 2008



PAGE 2
 DATE 7/23/08
 PRIMARY ACCOUNT 18521221
 ENCLOSURES

BUSINESS MONEY MARKET 18521221 (Continued)

DEPOSITS AND OTHER CREDITS

DATE	TRANSACTION DESCRIPTION	AMOUNT
7/27	INTEREST DEPOSIT	874.78

DEBITS

DATE	DESCRIPTION	AMOUNT
7/01	WIRE TRANSFER DEBIT RAYMOND JAMES & ASSOCIATES INC 02100089 4076858 CITIBANK NYC CITIBANK N.A. NEW YORK NY Q RESORTS INC, ACCT# 14094778	1,000,000.00-
7/01	WIRE TRANSFER FEE	29.00-
7/10	REIMBURSE COMMERCIAL FINANCE PER KAREN BENNETT/BILL STENGER	120,000.00-
7/25	TRUST DEPARTMENT DEBIT	50,000.00-

BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
6/23	638,431.97	7/10	18,411.97	7/23	1,898,285.32
7/01	138,411.97	7/22	1,541,756.32	7/27	1,800,130.11

INTEREST RATE INFORMATION

DATE	INTEREST RATE
6/22	2.000000%

Checks you deposit into your Chitumson account are your responsibility even after the funds are made available to you, and you withdraw the funds. Checks returned for any reason are your responsibility and will be charged against your account.

July 1, 2008– Closing of Resort Purchase

June 30 to July 31, 2008



Your Activity

Investment Account No. 14204770

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$1,600,000.00	\$17,790,040.00
Total Deposits	\$1,600,000.00	\$17,790,040.00

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$(1,508,027.38)	\$(17,000,047.83)
Total Withdrawals	\$(1,508,027.38)	\$(17,000,047.83)

Cash Sweep Transfers

Type	This Statement
Transfers From	\$0.00
Transfers To	\$(100,000.00)
Net Transfers	\$(99,972.62)

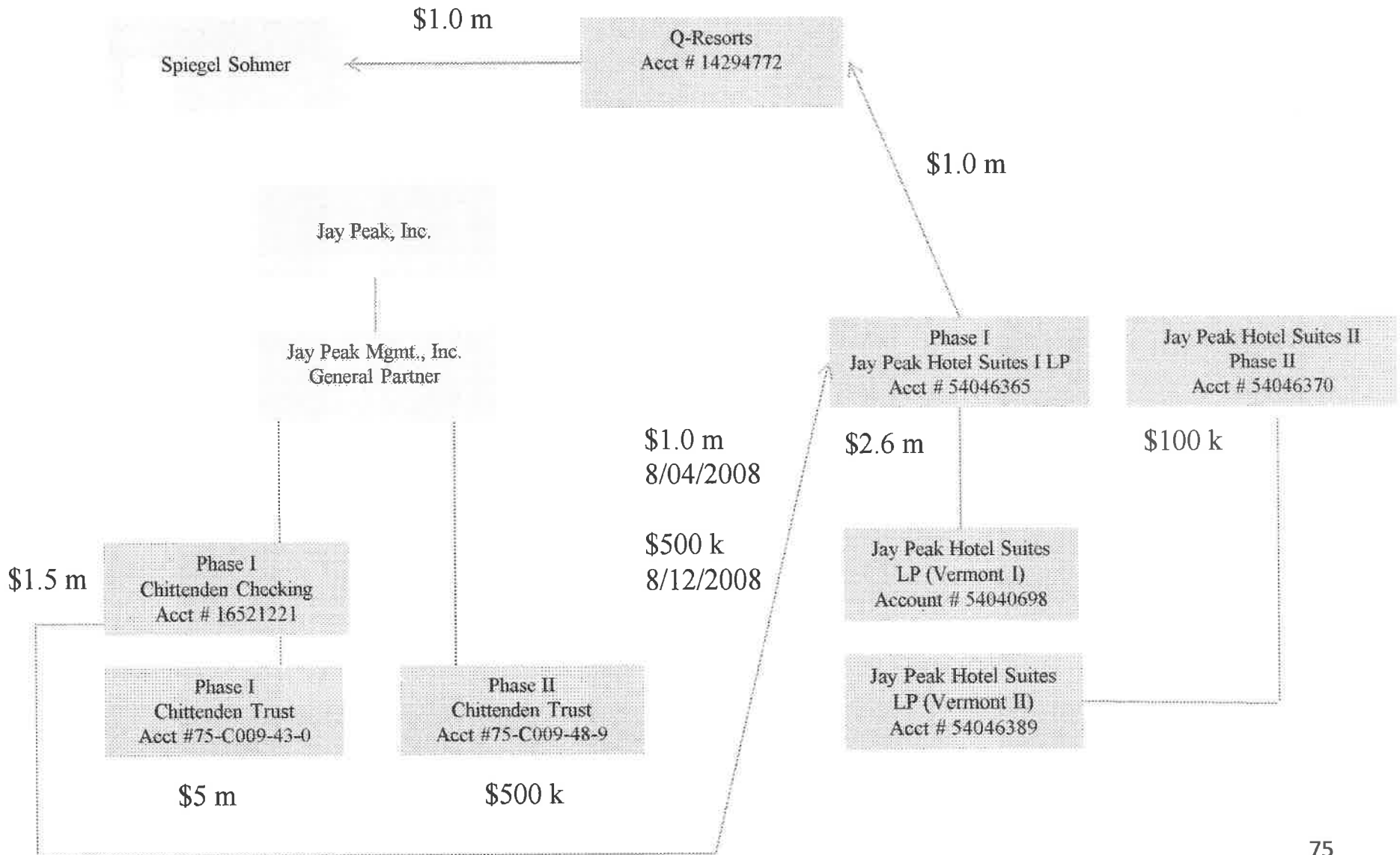
Income

Type	This Statement	Year to Date
Interest RJ Bank Deposit Program	\$126.50	\$134.39
Total Income	\$126.50	\$134.39

Activity Detail

Date	Activity Category	Activity Type	Description (System: OUBF)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$0,027.08 RJ Bank Deposit Program Balance
07/01/2008	Deposit	Deposit	Cash			\$600,000.00	\$600,000.00	IN WIFE CHATTENDEN TRUST
07/01/2008	Deposit	Deposit	Cash			\$1,000,000.00	\$1,600,000.00	IN WIFE CHATTENDEN TRUST CO
07/01/2008	Withdrawal	Withdrawal	Cash			\$(1,000,000.00)	\$600,000.00	WIFE TO SPECIAL SCHMER
07/02/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(100,000.00)	\$500,000.00	\$100,007.38 RJ Bank Deposit Program Balance
07/02/2008	Withdrawal	Withdrawal	Cash			\$(99,972.62)	\$400,027.38	TRF TO # 54010205

Purchase of Jay Peak Resort: August 29, 2008



-----CHECKING ACCOUNTS-----

ACCOUNT TITLE: JAY PEAK HOTEL SUITES LP
HOTEL SUITES ACCT

Looking out for your interest is our only interest. Visit
your local office to learn about developing an investment
portfolio from our Wealth Management group.

BUSINESS MONEY MARKET

ACCOUNT NUMBER 15521221
BEGINNING BALANCE 1,600,130.11
2 CREDITS 1,000,000.00
2 DEBITS 1,500,000.00
SERVICE CHARGE .00
INTEREST PAID 2,094.78
ENDING BALANCE 1,102,224.89

CHECK SAFEKEEPING

STATEMENT DATES 7/29/08 THRU 8/24/08
DAYS IN THIS STATEMENT PERIOD 28
AVERAGE LEDGER BALANCE 1,367,987.25
AVG COLLECTED BALANCE 1,367,987.25
INTEREST EARNED 2,094.78
ANNUAL PERCENTAGE YIELD EARNED 2.01%
2008 INTEREST PAID 77,915.02

DEPOSITS AND OTHER CREDITS

DATE	TRANSACTION DESCRIPTION	AMOUNT
8/04	TRUST DEPARTMENT CREDIT	500,000.00
8/04	TRUST DEPARTMENT CREDIT	500,000.00
8/24	INTEREST DEPOSIT	2,094.78

DEBITS

DATE	DESCRIPTION	AMOUNT
8/04	TELEPHONE TRANSFER BY	1,000,000.00-
8/12	TELEPHONE TRANSFER BY	500,000.00-

JP Peoples- 002092

July 31 to August 29, 2008

RAYMOND JAMES**Your Activity (continued)**

Investment Account No. 54046265

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
08/14/2008	Cash Redemption	Redemption	US TREASURY BILLS OID 08/14/2008 DUE 08/14/2008 (912795F97)	(11,000,000.000)	\$1.000	\$11,000,000.00	\$1,122,339.88	08/14/08, BOND MATURES @ 100% 0% 08/14/08
08/15/2008	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$1,122,339.88	\$0.00	\$1,122,339.88 RJ Bank Deposit Program Balance
08/18/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$1,122,339.88	\$1,122,339.88	\$0.00 RJ Bank Deposit Program Balance
08/18/2008	Purchase	Purchase	US TREASURY BILLS OID 08/18/2008 DUE 08/18/2008 (912795G62)	11,000,000.000	\$80.000	\$8,800,000.00	\$8,867,233.42	
08/27/2008	Deposit	Deposit	Cash			\$1,600,000.00	\$8,867,233.42	NY WFE CHRITENSEN TRUST CO
08/27/2008	Deposit	Deposit	Cash			\$300,000.00	\$8,867,233.42	NY WFE CHRITENSEN TRUST CO
08/29/2008	Withdrawal	Withdrawal	Cash			\$1,000,000.00	\$8,867,233.42	TRF TO # 14284772
08/29/2008	Income	Interest RJ Bank Deposit Program	Raymond James Bank Deposit Program			\$1.4055	\$8,867,233.42	Interest on 4 days \$ 160.00 RJ Bank Deposit Program Balance
08/29/2008	Expense	Interest Expense	Cash Debit Interest			\$11,365.24	\$8,855,868.18	4 days average balance \$8,867,233.42 average rate 4.000%
08/29/2008	Expense	Interest Expense	Ready Access Margin Loan Interest			\$22,704.74	\$8,833,163.44	31 days average balance \$8,738,175.81 average rate 4.000%

July 31 to August 29, 2008

RAYMOND JAMES

Your Activity

Investment Account No. 14264772

Activity Summary

Deposits			Withdrawals			Cash Sweep Transfers	
Type	This Statement	Year to Date	Type	This Statement	Year to Date	Type	This Statement
Deposits	\$1,000,000.00	\$18,780,040.00	Withdrawals	\$(1,000,012.18)	\$(18,733,969.96)	Transfer From	\$53,912.18
Total Deposits	\$1,000,000.00	\$18,780,040.00	Total Withdrawals	\$(1,000,012.18)	\$(18,733,969.96)	Net Transfers	\$53,912.18

Income		
Type	This Statement	Year to Date
Interest of RJ Bank Deposit Program	\$72.83	\$207.32
Total Income	\$72.83	\$207.32

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CLSIF)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$100,120.00 RJ Bank Deposit Program Balance
08/05/2008	Withdrawal	Withdrawal	Cash			\$(32,948.23)	\$(32,948.23)	TRF TO # 54040300
08/25/2008	Withdrawal	Withdrawal	Cash			\$(20,948.04)	\$(53,896.27)	TRF TO # 54040300
09/08/2008	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$53,912.18	\$(0.00)	\$53,912.18 RJ Bank Deposit Program Balance
09/29/2008	Deposit	Deposit	Cash			\$1,000,000.00	\$(1,000,000.00)	TRF FR # 54040300
09/29/2008	Withdrawal	Withdrawal	Cash			\$(1,000,000.00)	\$0.00	WIRE TO SPREISS, SCHWAB

Two Final Follow Up Payments

- September 5, 2008 for \$500,000
- September 26, 2008 for \$2,500,000

August 25 to September 30, 2008

RAYMOND JAMES

Your Activity

Investment Account No. 14294772

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$4,753,000.00	\$23,543,040.00
Total Deposits	\$4,753,000.00	\$23,543,040.00

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$(4,837,870.31)	\$(23,541,830.27)
Total Withdrawals	\$(4,837,870.31)	\$(23,541,830.27)

Cash Sweep Transfers

Type	This Statement
Transfers From	\$44,870.31
Net Transfers	\$44,870.31

Income

Type	This Statement	Year to Date
Interest on RI Bank Deposit Program	\$37.45	\$314.77
Total Income	\$37.45	\$314.77

Activity Detail

Date	Account Category	Activity Type	Description (Symbol or QUANTITY)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$48,007.30 RI Bank Deposit Program Balance
09/01/2008	Deposits	Deposit	Cash			\$200,000.00	\$200,000.00	TRF FR # 54040000
09/01/2008	Withdrawals	Withdrawal	Cash			\$(200,000.00)	\$0.00	WIRE TO BLACKPSS LAW FIRM
09/08/2008	Deposits	Deposit	Cash			\$500,000.00	\$500,000.00	TRF FR # 54040000
09/08/2008	Withdrawals	Withdrawal	Cash			\$(500,000.00)	\$0.00	WIRE TO SPINER SCHMER INC
09/08/2008	Withdrawals	Withdrawal	Cash			\$(40.00)	\$(40.00)	WIRE FEE

August 29 to September 30, 2008

RAYMOND JAMES™

Your Activity (continued)

Investment Account No. 14394772

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
08/26/08	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$40.00	\$0.00	\$48,247.35 RJ Bank Deposit Program Balance
08/17/08	Withdrawal	Withdrawal	Cash			(\$22,724.74)	(\$22,724.74)	WIRE TO # 54948000
08/17/08	Withdrawal	Withdrawal	Cash			(\$14,000.00)	(\$27,924.98)	WIRE TO # 54948070
08/14/08	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$27,000.00	\$0.00	\$0,000.00 RJ Bank Deposit Program Balance
08/12/08	Deposit	Deposit	Cash			\$1,000,000.00	\$1,000,000.00	WIRE TO # 54948000
08/12/08	Withdrawal	Withdrawal	Cash			(\$1,000,000.00)	\$0.00	WIRE TO JAY PEAK INC
08/08/08	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$7,174.75	\$7,174.75	\$1,662.06 RJ Bank Deposit Program Balance
08/08/08	Deposit	Deposit	Cash			\$0,000,000.00	\$7,246.50	WIRE TO # 54948000
08/07/08	Withdrawal	Withdrawal	Cash			(\$2,000,000.00)	(\$2,174.75)	WIRE TO SP48022, DCI-S&P500
08/07/08	Withdrawal	Withdrawal	Cash			(\$40.00)	(\$27,194.75)	WIRE TO #
08/06/08	Withdrawal	Withdrawal	Cash			(\$600,000.00)	(\$2,194.75)	WIRE TO JAY PEAK INC
08/06/08	Withdrawal	Withdrawal	Cash			(\$75.00)	(\$2,269.75)	WIRE TO #
08/05/08	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$60.00	\$7,174.75	\$1,617.05 RJ Bank Deposit Program Balance

Investor Funds Used for Resort Cash Flow Needs and Non-EB-5 Resort Projects

Jay Peak, Inc. Operating Account – People’s United Bank Acct. No. 16521736

Phase 1

Phase 2

Jay Peak Hotel Suites
Chittenden Trust
Acct # 75-C009-43-0

Jay Peak Hotel Suites 2
Chittenden Trust
Acct #75C009489

\$14.5 M

\$4.5 M

Jay Peak Hotel Suites
Chittenden
Acct #16521221

\$1.5 M

Jay Peak Hotel Suites
Chittenden
Acct #16521221

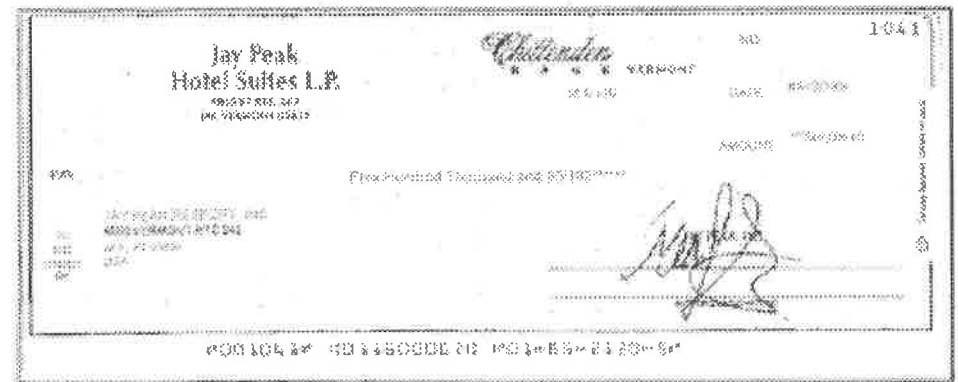
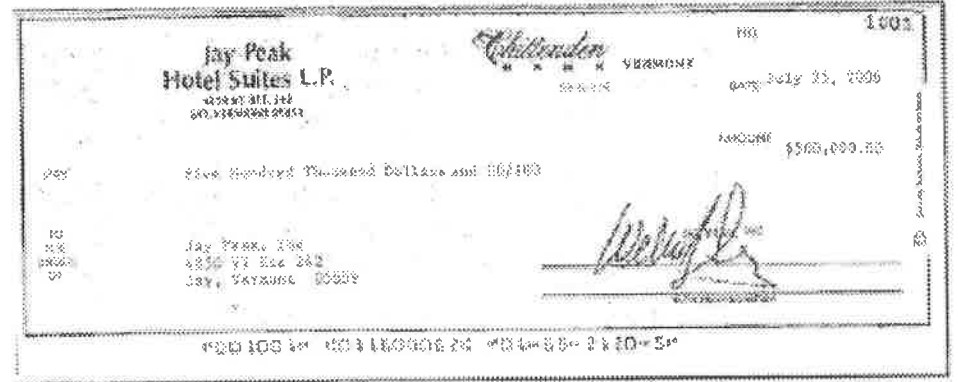


\$500,000 on 7/28/08



\$500,000 on 8/13/08

Jay Peak, Inc.
Chittenden
Acct #1652136



Jay Peak, Inc. Cash Flow Management

July 2008 Balance Summary

BALANCE SUMMARY					
DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
7/01	424,700.18	7/14	287,923.27	7/24	87,528.46
7/02	423,463.91	7/15	246,031.45	7/25	61,166.55
7/03	431,073.69	7/16	296,112.03	7/28	587,125.80
7/07	470,363.77	7/17	224,492.79	7/29	583,201.41
7/08	333,665.93	7/18	225,701.36	7/30	501,100.23
7/09	305,361.27	7/21	192,687.17	7/31	446,633.21
7/10	307,990.10	7/22	238,010.23		
7/11	264,493.81	7/23	107,275.11		

August 2008 Balance Summary

BALANCE SUMMARY					
DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
8/01	434,142.27	8/12	173,694.35	8/21	153,483.54
8/04	469,443.27	8/13	672,738.19	8/22	206,460.26
8/05	504,315.02	8/14	650,068.22	8/25	179,694.95
8/06	296,546.40	8/15	581,985.77	8/26	219,639.91
8/07	328,922.77	8/18	525,013.32	8/27	195,673.19
8/08	216,817.81	8/19	449,166.20	8/28	172,034.89
8/11	149,258.21	8/20	115,205.44	8/29	294,689.23

From: Joel Burstein
Sent: Wednesday, September 03, 2008 11:14 AM
To: Steve Raney
Subject: Jay Peak Line of Credit

Hey Steve,

I hope all is well, it was nice to finally meet you last month at the Summer Development Conference. We've spoken about the Jay Peak Resort project in the past and as of today we have \$19,500,000 in our accounts. In speaking with Ariel Quiros the owner of Q.Resorts, he was interested in getting a line of credit for his resort. He has completed an appraisal within the last month that estimated the resort at over \$20 million. He told me that as he is a Florida resident and has been a client of Raymond James for some time now he would like to keep all of his financing with the firm. He is interested in keeping it simple and having everything with Raymond James makes that easy.

With a brand new appraisal and a client who has brought over close to \$20 million in cash, along with more coming in all the time, would it be possible to work something out in the way of a line of credit for around \$5 - \$7 million dollars for the resort to run their operations? I know we keep asking, but the deal has now materialized and is less abstract, as this would be a straight line of credit using the appraised value as collateral.

From: Steve Raney
Sent: Wednesday, September 03, 2008 2:28 PM
To: Joel Burstein
Subject: RE: Jay Peak Line of Credit

Joel:

Correct me if I am wrong but there is already a mortgage on the resort. Presumably, he obtained some financing when the project closed. Another bank or seiler financing????

Steve Raney
President and CEO
Raymond James Bank
(727) 567-4600
steve_raney@raymondjames.com
Please visit our web site at www.RaymondJamesBank.com

From: Steve Raney
Sent: Tuesday, September 09, 2008 9:27 AM
To: Joel Burstein
Subject: RE: Jay Peak Line of Credit

Joel:

I discussed this opportunity with my folks late last week. This is not a deal we want to pursue at this point. We don't have any expertise in ski resorts. Best that we take a pass on it.

Steve Raney
President and CEO
Raymond James Bank
(727) 567-4600
steve.raney@raymondjames.com
Please visit our web site at www.RaymondJamesBank.com

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From: Joel Burstein
Sent: Tuesday, September 09, 2008 9:24 AM
To: Steve Raney
Subject: RE: Jay Peak Line of Credit

Hey Steve,

Just following up to see if you are interested in the line of credit for our client.

Thanks,

Jay Peak, Inc. Operating Account – People’s United Bank Acct. No. 16521736

Phase 1

Phase 2

Jay Peak Hotel Suites
Raymond James
Acct # 54046365

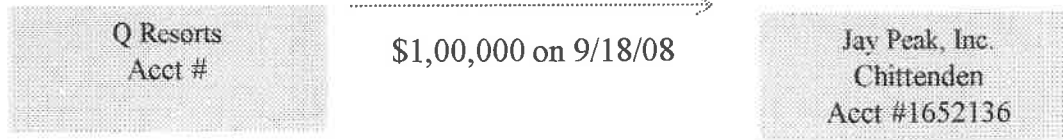
Jay Peak Hotel Suites 2
Raymond James
Acct #54046370

Q Resorts
Raymond James
Acct # 1494772

\$1,00,000 on 9/18/08
\$500,000 on 10/6/08
\$500,000 on 10/31/08

Jay Peak, Inc.
Chittenden
Acct #1652136

Jay Peak, Inc. Operating Account – People’s United Bank Acct. No. 16521736



9/18	WIRE TRANSFER FEE	7.00-
9/19	WIRE TRANSFER DEBIT	521,593.75-
	FATZER AG	
	Q26007993	
	CH110025425451142662N	
	SALMSACHERSTRASSE 9	
	ROMANSHORN SWITZERLAND CH-8590	
	UBS AG NYC	
	UBS AG	
	NEW YORK NY	
9/19	WIRE TRANSFER FEE	40.00-
9/19	WF WIRE ZURERUGG	304,691.20-

Used to purchase chairlift cables for Jay Peak Resorts

Additional Payments for Jay Peak Resort

\$13,544,346 payment plus:

- \$2,000,000 on June 25, 2008 to SSVR Creditor
- \$628,684.42 on June 30, 2008 to SSVR Creditor
- \$1,500,000 on July 1, 2008 to SSVR
- \$1,000,000 on August 29, 2008 to SSVR
- \$500,000 on September 5, 2008 to SSVR
- \$2,500,000 on September 26, 2008 to SSVR
- \$1,692,784.65 in 2008 for Stratavest Bond
- \$800,645.89 in 2008 to VEDA

\$24,166,460.96 total purchase price

Additional Transfers into Jay Peak Resort Operating Account

- \$500,000 on July 28, 2008
- \$500,000 on August 13, 2008
- \$1,000,000 on September 18, 2008
- \$500,000 on October 6, 2008
- \$500,000 on October 31, 2008

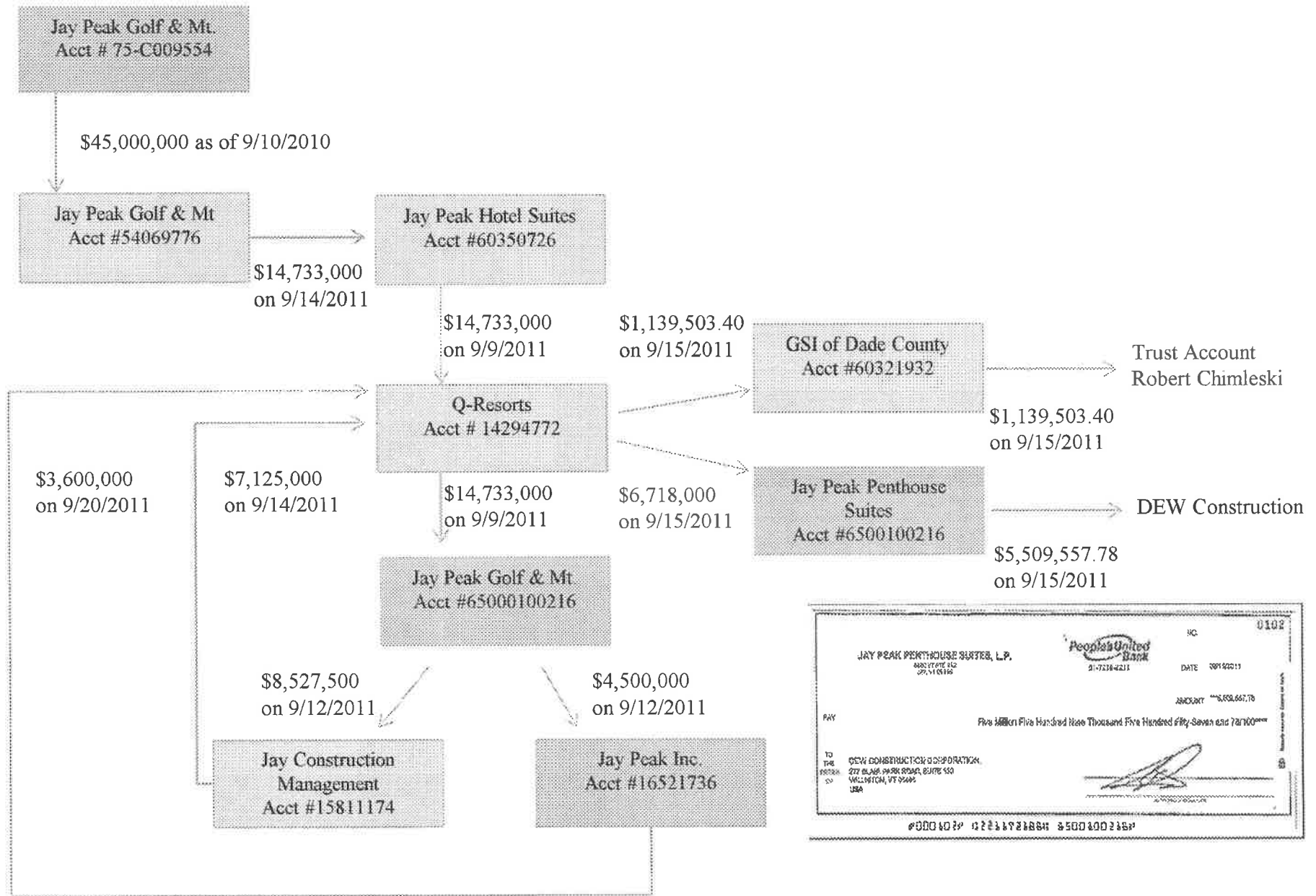
\$3,000,000 in total

Plus **\$24,166,460.96 total purchase price**

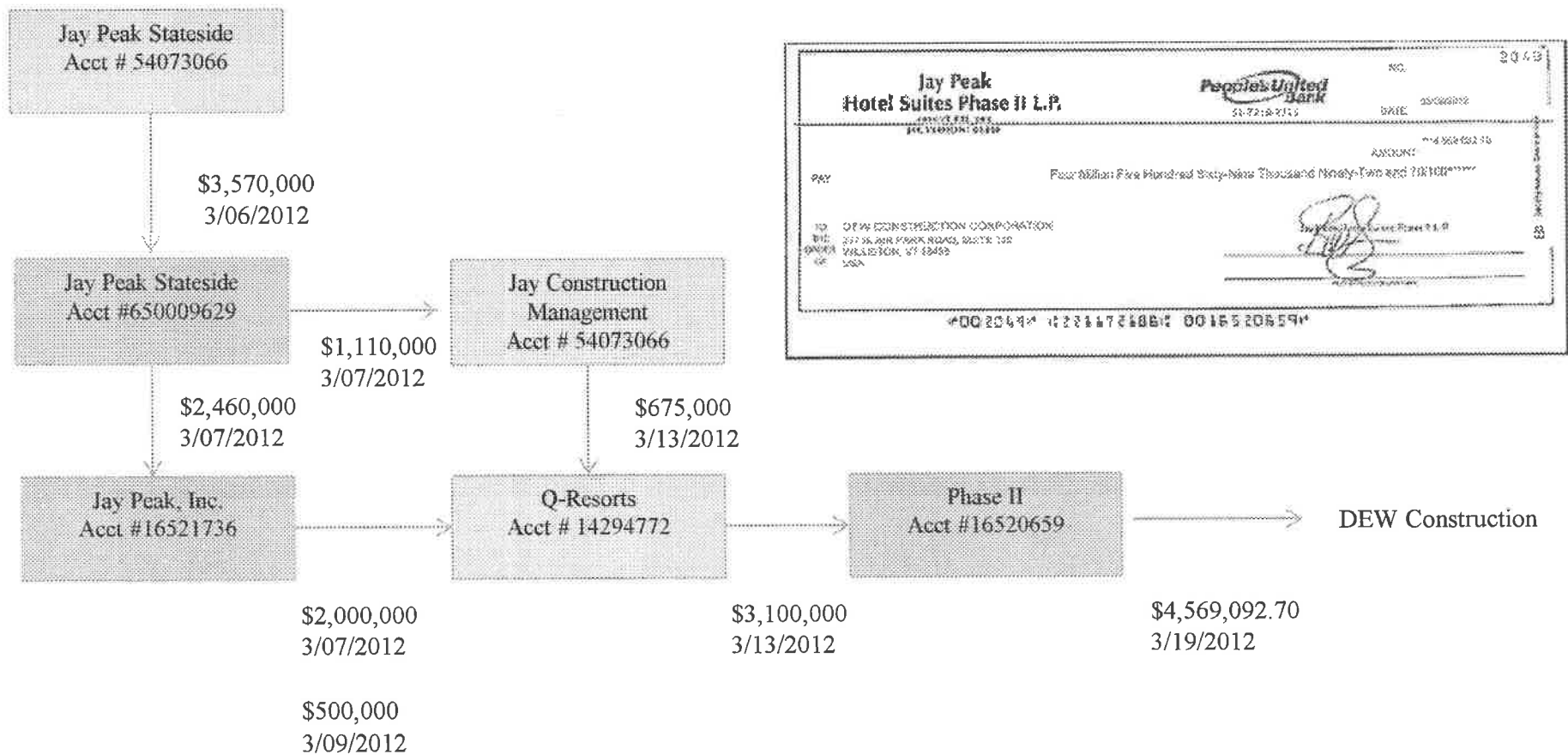
Equals **\$27,166,460.96 of investor funds to purchase, maintain and enhance Jay Peak Resort**

Backfilling: Paying Old Project Expenses with New Investor Money

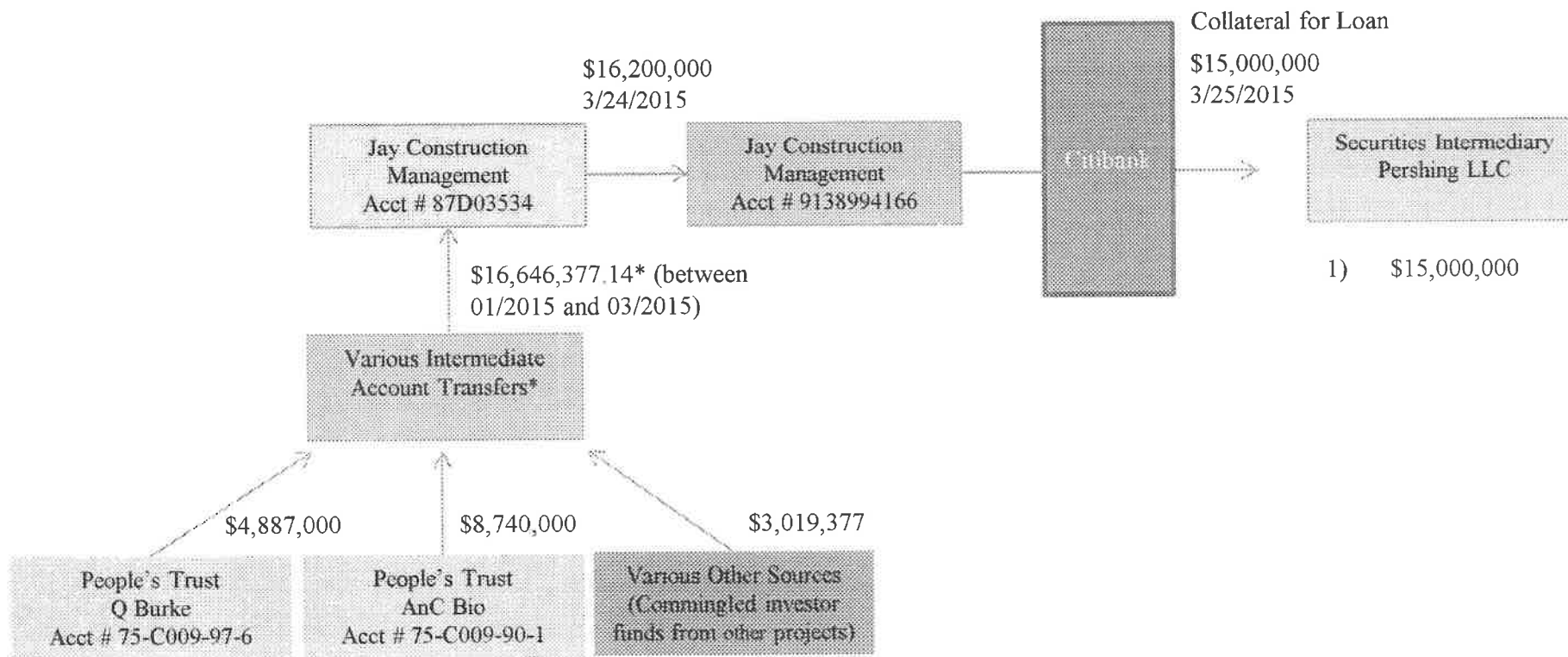
New Money Paying Old Project Expenses: Example 1



New Money Paying Old Project Expenses: Example 2



Collateral for Citibank Loan Transaction



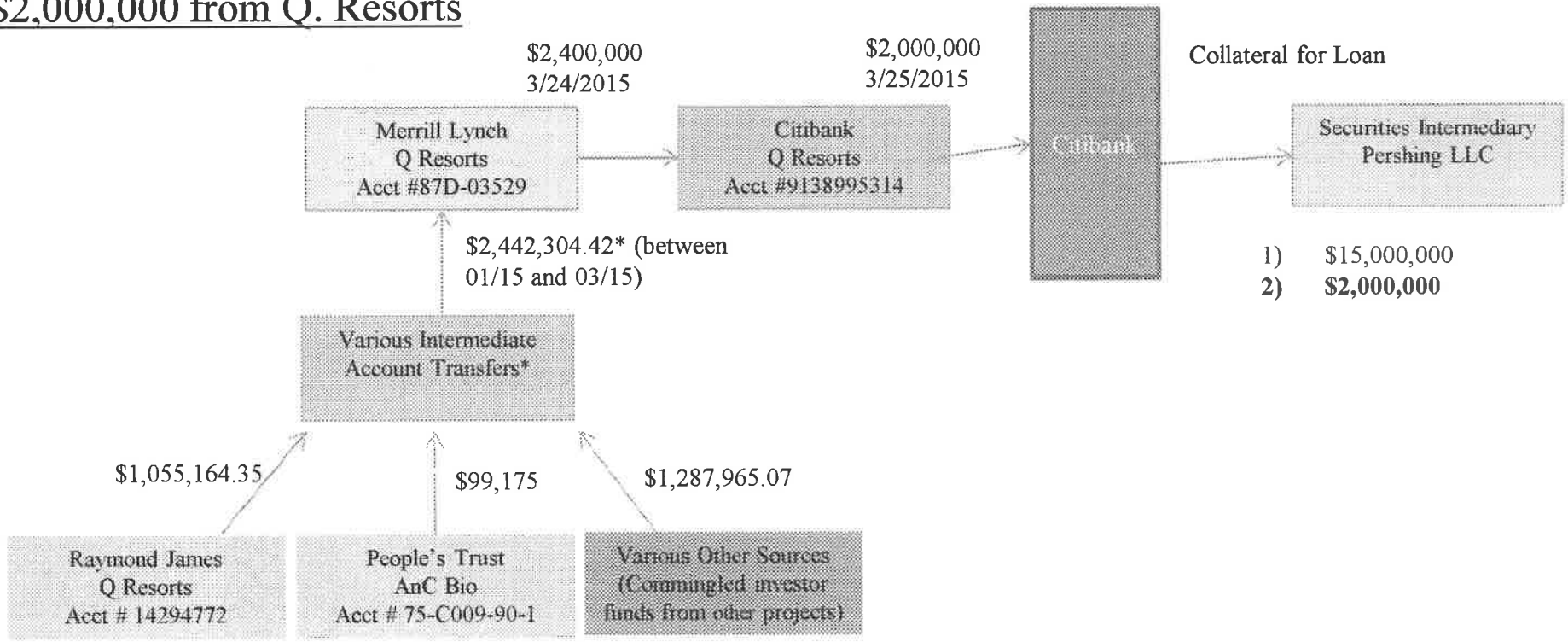
***-1/09/15 (\$10,759,377.14):** Jay Peak Biomedical Research Park Trust Account (PUB) series of \$500,000 escrow disbursements to Jay Peak Biomedical Research Park (Ray Jay); Jay Peak Biomedical Research Park (Ray Jay) \$6.24 MM wire to Jay Peak Biomedical Research Park (PUB) on 6/26 and \$3.545 MM wire to Jay Peak Biomedical Research Park (PUB) on 9/02 and \$2.6 MM wire to Jay Peak Biomedical Research Park (PUB) on 10/7; Jay Peak Biomedical Research Park (PUB) \$3.540 MM wire to Jay Construction Management (JP Morgan) on 9/02 and \$2.6 MM wire to Jay Construction Management (JP Morgan) on 10/07; Jay Peak Biomedical Research Park (PUB) \$5.2 MM wire to Jay Construction Management (Ray Jay) on 7/01; Jay Construction Management (Ray Jay) \$4 MM wire to Jay Construction Management (JP Morgan) on 5/06 and \$5.2 MM wire to Jay Construction Management (JP Morgan) on 7/02; Jay Construction Management (JP Morgan) **\$10,759,377.14 wire to Jay Construction Management (ML) on 1/09.**

-3/11/15 (\$1,000,000): Jay Peak Inc (PUB) \$1 MM wire to Q Resorts (ML) on 3/11; **Q Resorts (ML) \$1 MM wire to Jay Construction Management (ML) on 3/11.**

-3/13/15 (\$2,470,000): Q Burke Trust Account (PUB) series of \$500,000 escrow disbursements to Q Burke LP (ML); Q Burke LP (ML) \$2.47 MM wire to Q Burke LP (PUB) on 3/11; Q Burke LP (PUB) \$2.47 MM wire to Q Burke Mt. Resorts LLC (PUB) on 3/11; Q Burke Mt. Resort LLC (PUB) \$2.47 MM wire to Q Burke Mt. Resort LLC (ML) on 3/11; Q Burke Mt. Resort LLC (ML) \$2.47 MM wire to Q Resorts (ML) on 3/13; Q Resorts (ML) **\$2.47 MM wire to Jay Construction Management (ML) on 3/13.**

-3/13/15 (\$2,417,000): Q Burke Trust Account (PUB) series of \$500,000 escrow disbursements to Q Burke LP (ML); Q Burke LP (ML) \$4.15MM wire to Q Burke LP (PUB) on 3/02 and \$2,004,000 wire to Q Burke LP (PUB) on 3/03; Q Burke LP (PUB) \$2,417,300 wire to NECS -0221(PUB) on 3/03; NECS -0221 (PUB) \$2,417,300 wire to NECS -3588 (PUB) on 3/05; NECS -3588 (PUB) \$773,440 wire to Q Resorts (ML) on 3/11 and \$1,643,560 wire to Q Resorts (ML) on 3/12; **Q Resorts (ML) \$2.417 MM wire to Jay Construction Management (ML) on 3/13.**

Collateral for Citibank Loan Transaction - \$2,000,000 from Q. Resorts

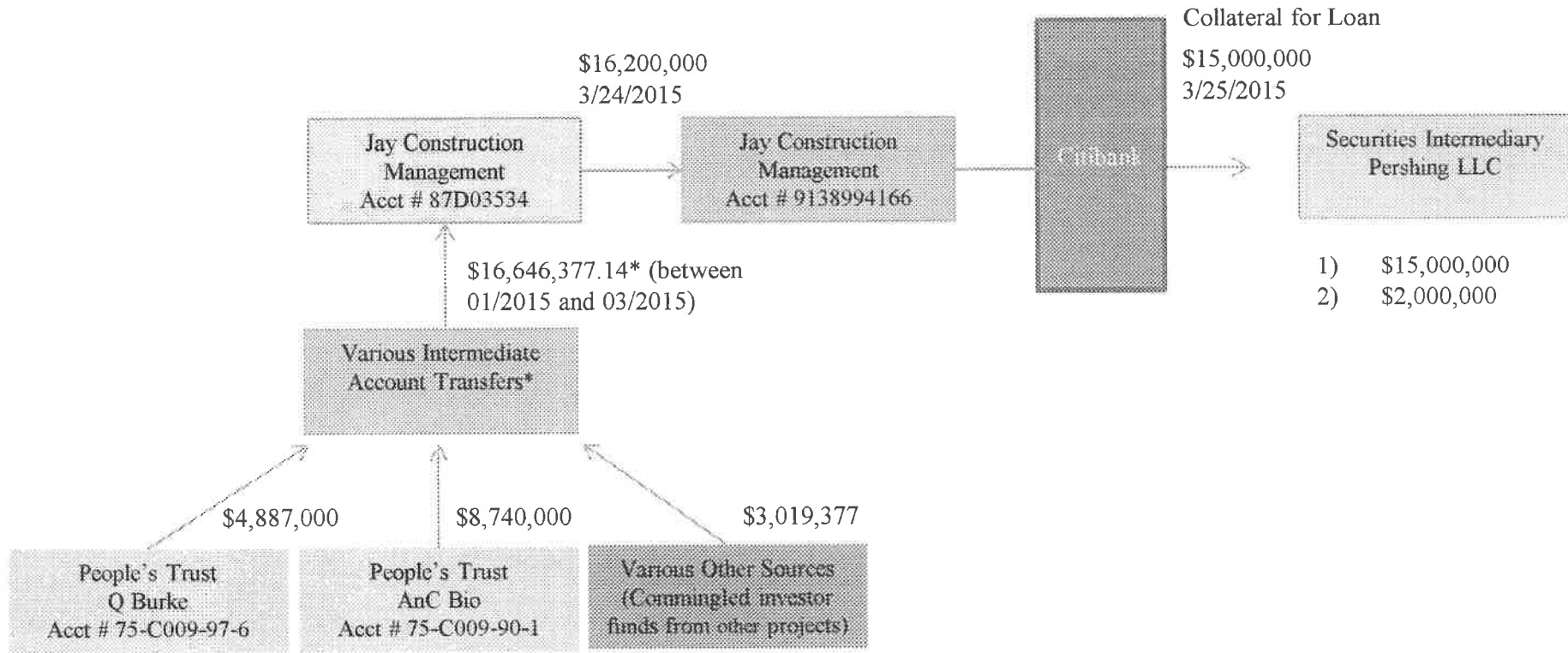


***-1/12/15 (\$1,395,694.42):** Q. Resorts (Ray Jay) \$1,055,164.35 wire to Q Resorts (JP Morgan) on 11/24; Jay Peak Biomedical Research Park (PUB) \$99,175 wire to NECS -6221 (PUB) on 12/04; Jay Peak Inc (PUB) \$200,977 wire to Q Resorts (JP Morgan) on 12/19; Q Resorts (JP Morgan) \$200,977 wire to NECS -6221 (PUB) on 12/19; NECS -6221 \$99,175 wire to NECS -3588 (PUB) on 12/26 and \$200,977 wire to NECS -3588 (PUB) on 12/26; NECS -3588 (PUB) \$136,664 wire to Q Resorts (JP Morgan) on 12/26 and \$68,581 wire to Q Resorts (JP Morgan) on 12/26 and \$67,439 wire to Q Resorts (JP Morgan) on 12/26; **Q Resorts (JP Morgan) \$1,395,694.42 wire to Q Resorts (ML) on 1/12.**

-2/13-18/15 (\$200,000): Jay Peak Inc (PUB) \$405,000 wire to Q Resorts (ML) on 2/13 and \$150,000 wire to Q Resorts (ML) on 2/18; Q. Resorts (ML) \$355,000 of \$555,000 total wired out shortly after; **\$200,000 net deposit into Q Resorts (ML).**

-3/05/15 (\$846,100): Jay Peak Inc (PUB) \$846,610 wire to Q Resorts (ML) on 3/05.

Collateral for Citibank Loan Transaction



*-1/09/15 (\$10,759,377.14): Jay Peak Biomedical Research Park Trust Account (PUB) series of \$500,000 escrow disbursements to Jay Peak Biomedical Research Park (Ray Jay); Jay Peak Biomedical Research Park (Ray Jay) \$6.24 MM wire to Jay Peak Biomedical Research Park (PUB) on 6/26 and \$3.545 MM wire to Jay Peak Biomedical Research Park (PUB) on 9/02 and \$2.6 MM wire to Jay Peak Biomedical Research Park (PUB) on 10/7; Jay Peak Biomedical Research Park (PUB) \$3.540 MM wire to Jay Construction Management (JP Morgan) on 9/02 and \$2.6 MM wire to Jay Construction Management (JP Morgan) on 10/07; Jay Peak Biomedical Research Park (PUB) \$5.2 MM wire to Jay Construction Management (Ray Jay) on 7/01; Jay Construction Management (Ray Jay) \$4 MM wire to Jay Construction Management (JP Morgan) on 5/06 and \$5.2 MM wire to Jay Construction Management (JP Morgan) on 7/02; Jay Construction Management (JP Morgan) **\$10,759,377.14 wire to Jay Construction Management (ML) on 1/09.**

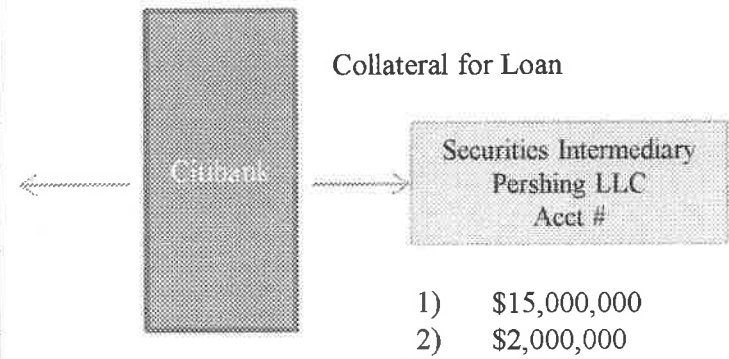
-3/11/15 (\$1,000,000): Jay Peak Inc (PUB) \$1 MM wire to Q Resorts (ML) on 3/11; **Q Resorts (ML) \$1 MM wire to Jay Construction Management (ML) on 3/11.**

-3/13/15 (\$2,470,000): Q Burke Trust Account (PUB) series of \$500,000 escrow disbursements to Q Burke LP (ML); Q Burke LP (ML) \$2.47 MM wire to Q Burke LP (PUB) on 3/11; Q Burke LP (PUB) \$2.47 MM wire to Q Burke Mt. Resorts LLC (PUB) on 3/11; Q Burke Mt. Resort LLC (PUB) \$2.47 MM wire to Q Burke Mt. Resort LLC (ML) on 3/11; Q Burke Mt. Resort LLC (ML) \$2.47 MM wire to Q Resorts (ML) on 3/13; Q Resorts (ML) **\$2.47 MM wire to Jay Construction Management (ML) on 3/13.**

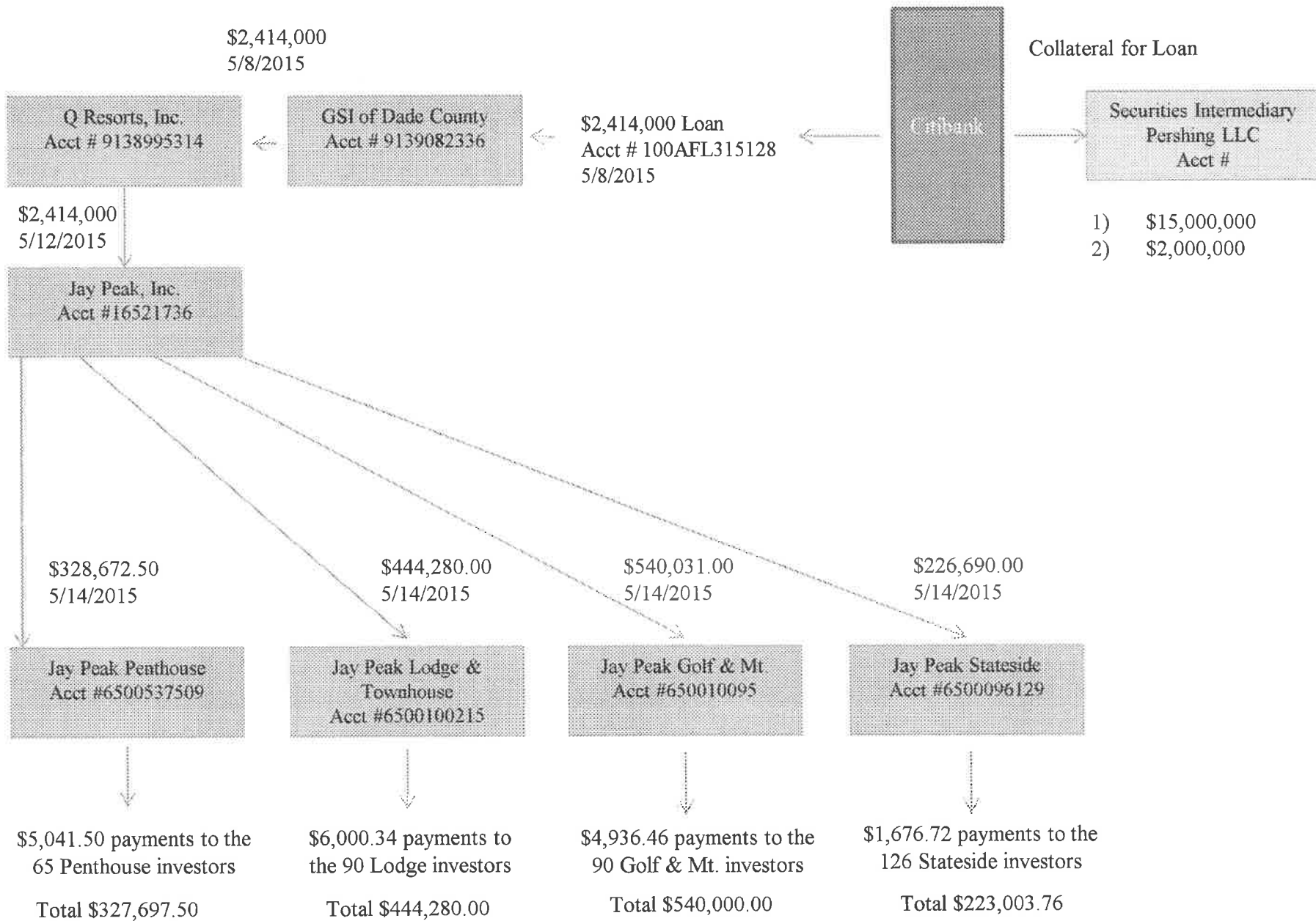
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Overview of Citibank Loans

Date	Amount	Loan Number	Debtor
4/14/15	\$6,000,000.00	100AFL315104	Ariel Quiros / GSI of Dade County
4/30/15	\$100,000.00	100AFL315120	Ariel Quiros / GSI of Dade County
5/8/15	\$2,414,000.00	100AFL315128	Ariel Quiros / GSI of Dade County
6/1/15	\$1,400,000.00	100AFL315120	Ariel Quiros / GSI of Dade County
6/29/15	\$850,000.00	100AFL315120	Ariel Quiros / GSI of Dade County

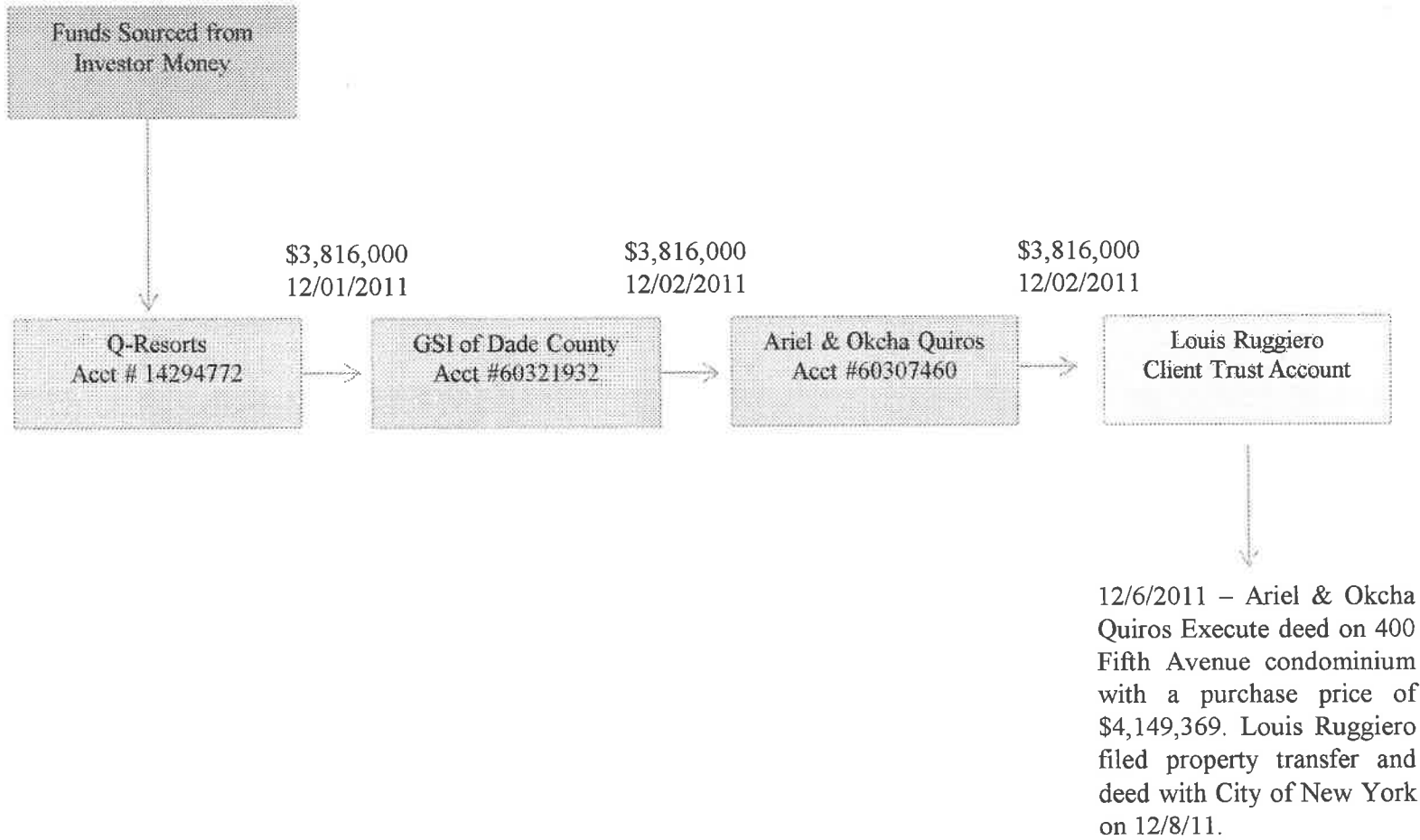


May 2015 Loan Transaction



Ariel Quiros's Personal Enrichment from Jay Peak EB-5 Investor Money

Purchase of 400 Fifth Avenue Condominium



Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$31,534.09 RJ Bank Deposit Program Balance
12/02/2011	Deposit	Deposit	Cash			\$3,818,000.00	\$3,818,000.00	WIRE FEE # 60321932
12/02/2011	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$3,818,000.00	\$0.00	\$3,849,534.09 RJ Bank Deposit Program Balance

November 30 to December 30, 2011

RAYMOND JAMES®

Your Activity (continued)
 Citrus Ariel & Ochia Account No. 60307460

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
11/02/2011	Withdrawal	Withdrawal	Cash			\$3,818,000.00	\$3,818,000.00	WIRE TO LOUIS HUGONERO
12/02/2011	Withdrawal	Withdrawal	Cash			\$25.00	\$3,818,025.00	WIRE FEE
10/02/2011	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$3,818,025.00	\$0.00	\$3,533.09 RJ Bank Deposit Program Balance
10/14/2011	Deposit	Deposit	Cash			\$2.88	\$2.88	COMMISSION REBATE - INTEREST
10/14/2011	Deposit	Deposit	Cash			\$21.16	\$24.04	COMMISSION REBATE
12/14/2011	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$24.04	\$0.00	\$3,548.13 RJ Bank Deposit Program Balance
12/03/2011	Income	Interest at RJ Bank Deposit Program	Raymond James Bank Deposit Program			\$1.12	\$0.00	\$3,549.25 RJ Bank Deposit Program Balance

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$879,327.85	
12/01/2011	Deposit	Deposit	Cash			\$50,000.00	\$729,327.85	TRF FR # 14294772
12/01/2011	Withdrawal	Withdrawal	Cash			\$(51,000.00)	\$678,327.85	WIRE TO GSI OF DADE COUNTY INC
12/01/2011	Withdrawal	Withdrawal	Cash			\$(25,000)	\$653,327.85	WIRE FEE
12/02/2011	Deposit	Deposit	Cash			\$3,816,000.00	\$4,469,327.85	TRF FR # 14294772
12/02/2011	Withdrawal	Withdrawal	Cash			\$(3,816,000.00)	\$653,327.85	TRF TO # 60337480

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$4,029,075.00	\$165,672,979.00
Transfers In	\$0.00	\$2,499,929.00
Total Deposits	\$4,029,075.00	\$168,172,908.00

Income

Type	This Statement	Year to Date
Interest - Finance	\$293.91	\$2,409.55
Total Income	\$293.91	\$2,409.55

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$(23,487,425.00)	\$(183,875,251.40)
Total Withdrawals	\$(23,487,425.00)	\$(183,875,251.40)

Expenses

Type	This Statement	Year to Date
Interest Expenses	\$(325.79)	\$(798.62)
Total Expenses	\$(325.79)	\$(798.62)

Purchases

Type	This Statement	Year to Date
Purchases	\$(15,000,159.95)	\$(28,499,909.00)
Total Purchases	\$(15,000,159.95)	\$(28,499,909.00)

Sales / Redemptions

Type	This Statement	Year to Date
Redemptions	\$16,000,000.00	\$16,000,000.00
Sales	\$14,099,979.42	\$14,099,979.42
Total Sales/Redemptions	\$30,099,979.42	\$30,099,979.42

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$16,141,004.22	
12/01/2011	Withdrawal	Withdrawal	Cash			\$(51,000.00)	\$16,090,004.22	TRF TO # 80321932
12/02/2011	Withdrawal	Withdrawal	Cash			\$3,918,000.00	\$10,172,004.22	TRF TO # 80321932
12/06/2011	Withdrawal	Withdrawal	Cash			\$50,000.00	\$10,122,004.22	TRF TO # 80321932
12/15/2011	Sale/Redemption	Redemption	US TREASURY BILLS OID 12/15/2011 DUE 12/15/2011 (912795217)	(10,000,000.000)	\$1.000	\$10,000,000.00	\$23,235,004.22	12/15/11 BOND MATURES @10% 0% 12/15/11
12/16/2011	Withdrawal	Withdrawal	Cash			\$(1,000,000.00)	\$19,235,004.22	TRF TO # 80321932
12/19/2011	Purchase	Purchase	US TREASURY BILLS OID 01/12/2012 DUE 01/12/2012 (9127952Y9)	15,000,000.000	\$101.001	\$(15,000,159.95)	\$4,235,444.27	

**NYC DEPARTMENT OF FINANCE
OFFICE OF THE CITY REGISTER**

This page is part of the instrument. The City Register will rely on the information provided by you on this page for purposes of indexing the instrument. The information on this page will control for indexing purposes, in the event of any conflict with the rest of the document.

2011120801101001001E638E

RECORDING AND ENDORSEMENT COVER PAGE PAGE 1 OF 16

Document ID: 2011120801101001 Document Date: 12-08-2011 Preparation Date: 12-08-2011
 Document Type: DEED Document Page Count: 14

PRESENTER: STANDISH TITLE AGENCY INC. PICK UP ENVELOPE
 99 06 METROPOLITAN AVENUE
 STATION 172ENY
 PO BOX BELLS, NY 11375
 718 281 5838
 nd@standishtitle.com

RETURN TO: LOUIS RUGGIERO, ESQ
 COHEN FRANKEL & RUGGIERO
 20 VESSEY STREET, SUITE 1200
 NEW YORK, NY 10007

PROPERTY DATA

Borough	Block Lot	Unit	Address
MANHATTAN	838 1066	39F	400 FIFTH AVENUE
Property Type: SINGLE RESIDENTIAL CONDO UNIT			
Borough	Block Lot	Unit	Address
MANHATTAN	838 1067	39G	400 FIFTH AVENUE
Property Type: CONDO UNIT WITHOUT KITCHEN			

a. Additional Properties on Continuation Page

CROSS REFERENCE DATA
 CRFN _____ or Document ID _____ or _____ Year _____ Reel _____ Page _____ or File Number _____

PARTIES

GRANTOR/SELLER: 400 FIFTH REALTY LLC
 55 EAST 59TH STREET, 24TH FLOOR
 NEW YORK, NY 10022

GRANTEE/BUYER: ABRIEL QUIROS
 11 GRAND BAY ESTATES CIRCLE
 KEY BISCAIYNE, FL 33149

c. Additional Parties Listed on Continuation Page

FEES AND TAXES

Category	Amount	Category	Amount
Mortgage		Filing Fee	
Mortgage Amount	\$ 0.00		\$ 125.00
Taxable Mortgage Amount	\$ 0.00	NYC Real Property Transfer Tax	
Escrow Fee	\$ 59,125.00		
TAXES: County (Basic)	\$ 0.80	NYS Real Estate Transfer Tax:	
City (Additional)	\$ 0.80	\$16,578.00 x \$41.893.00 = \$	\$8,091.69
State (Additional)	\$ 0.00		
TANF	\$ 0.00		
MTA	\$ 0.00		
NYSTA	\$ 0.00		
Additional MFT	\$ 0.00		
TOTAL	\$ 0.00		
Recording Fee	\$ 115.00		
Attorney Fee	\$ 0.00		

**RECORDED OR FILED IN THE OFFICE
OF THE CITY REGISTER OF THE
CITY OF NEW YORK**

Recorded/Filed 12-22-2011 10:46
 City Register File No(CRFN): 20111000444061

Annette M. Hill
 City Register Official Signature

CONDOMINIUM UNIT DEED

400 FIFTH REALTY LLC

TO

ARIEL QUIROS and OKCHA QUIROS

THE SETAI FIFTH AVENUE HOTEL AND RESIDENCES, A CONDOMINIUM

400 Fifth Avenue

New York, New York 10018

Unit 39F (formerly 39F, 39G, 39H)

County: New York

Block: 838

Lot: 1066 (formerly 1066, 1067, 1068)

Record and Return to:

Louis Ruggiero, Esq.

c/o Cohen, Frankel & Ruggiero, LLP

20 Vesey Street, Suite 1200

New York, New York 10007

HELP

[Click help for additional instructions]
Selecting a help option will open new window

Current Search Criteria:

Name: ARIEL QUIROS
Date: To Current Date
Party Type: All Parties
Borough/County: All Boroughs/Counties
Document Class: All Document Classes

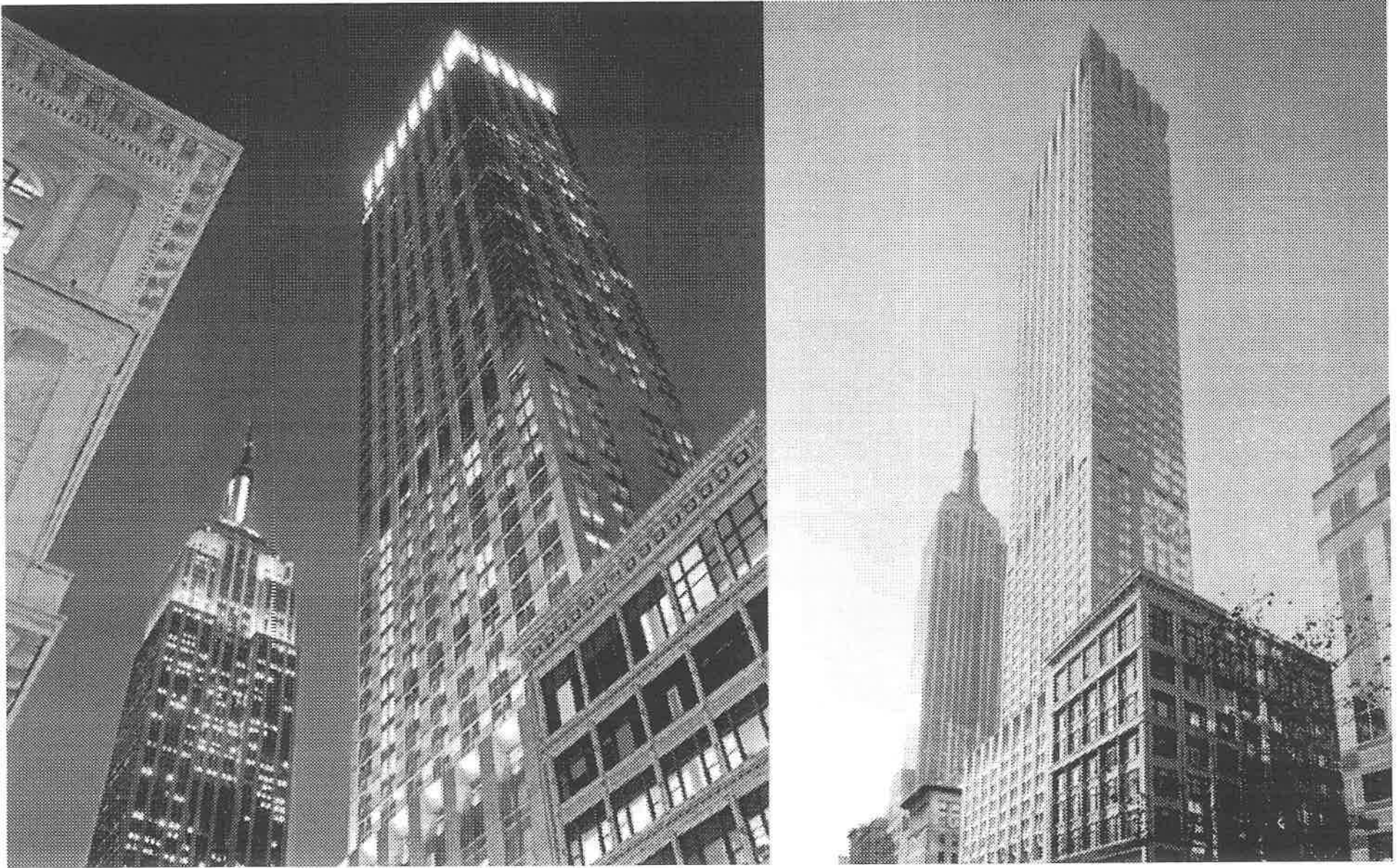
Search Results By Party Name

Records 11 - 20 << [previous](#) [next](#) >> Max Rows 10 [Search Options] [New Name Search] [Edit Current Search] [Print Index]

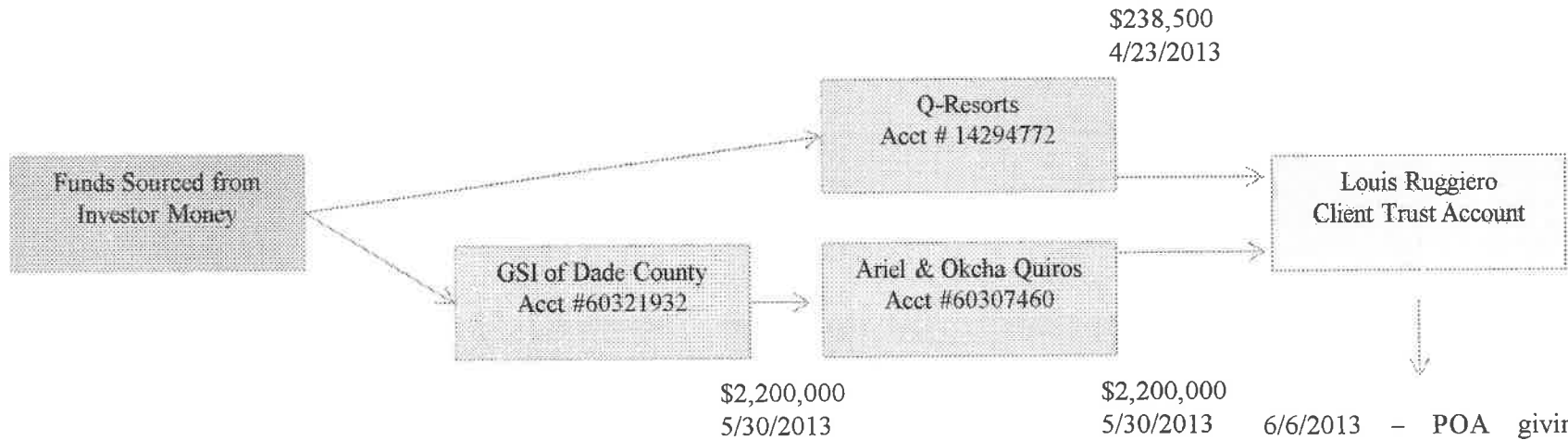
View	Party Type/Other	Party Name	Borough	Block	Lot	Real/Pg/File	CRFN	Partial	Doc Date	Recorded/Filed	Document Type	Pages	Corrected/Remarks	Doc Amount
DET IMG	1	QUIROS, ARIEL	MANHATTAN	1171	1873		2012000245376	ENTIRE LOT	6/6/2013	6/28/2013 2:26:43 PM	POWER OF ATTORNEY	8		0
DET IMG	2	QUIROS, ARIEL	MANHATTAN	1171	1704		2012000214076	ENTIRE LOT	7/18/2013	8/9/2013 3:37:31 PM	DEED	7		2,305,000
DET IMG	2	QUIROS, ARIEL	MANHATTAN	1171	1873		2012000214070	ENTIRE LOT	7/18/2013	8/9/2013 11:17:23 AM	DEED	7		10,000
DET IMG	1	QUIROS, ARIEL	QUEENS	9159	54		2012000137532	ENTIRE LOT	8/19/2013	4/5/2013 9:05:47 AM	SATISFACTION OF MORTGAGE	3		0
DET IMG	1	QUIROS, ARIEL	MANHATTAN	838	1066		2011000444062	ENTIRE LOT	12/6/2011	12/22/2011 10:46:20 AM	POWER OF ATTORNEY	7		0
DET IMG	1	QUIROS, ARIEL	MANHATTAN	838	1067		2011000444062	ENTIRE LOT	12/6/2011	12/22/2011 10:46:20 AM	POWER OF ATTORNEY	7		0
DET IMG	1	QUIROS, ARIEL	MANHATTAN	838	1068		2011000444062	ENTIRE LOT	12/6/2011	12/22/2011 10:46:20 AM	POWER OF ATTORNEY	7		0
DET IMG	2	QUIROS, ARIEL	MANHATTAN	838	1066		2011000444061	ENTIRE LOT	12/6/2011	12/22/2011 10:46:19 AM	DEED	15		4,149,369
DET IMG	2	QUIROS, ARIEL	MANHATTAN	838	1067		2011000444061	ENTIRE LOT	12/6/2011	12/22/2011 10:46:19 AM	DEED	15		4,149,369
DET IMG	2	QUIROS, ARIEL	MANHATTAN	838	1068		2011000444061	ENTIRE LOT	12/6/2011	12/22/2011 10:46:19 AM	DEED	15		4,149,369

[Search Options](#) [New Name Search](#) [Edit Current Search](#)

Purchase of 400 Fifth Avenue Condominium



Purchase of 220 Riverside Boulevard Condominium



6/6/2013 – POA giving Louis Ruggiero authority to execute documents relating to purchase of property located at 220 Riverside Boulevard.

7/18/2013 – Ariel & Okcha Quiros Execute deed on 220 Riverside Boulevard condominium with a purchase price of \$2,385,000.

7/22/13 – Louis Ruggiero filed property transfer and deed with City of New York on.

Transfer of \$238,500

March 28 to April 30, 2013

RAYMOND JAMES®

Your Activity (continued)

Q Resorts Inc Account No. 14294772

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
04/16/2013	Withdrawal	Withdrawal	Cash			\$28.00	\$1,980,293.71	WIRE FEE
03/23/2013	Withdrawal	Withdrawal	Cash			\$238,000.00	\$1,742,293.71	WIRE TO EQUUSI BANKING
04/23/2013	Withdrawal	Withdrawal	Cash			\$25.00	\$1,700,293.71	WIRE FEE
04/23/2013	Withdrawal	Withdrawal	Cash			\$475,000.00	\$1,225,293.71	TRF TO # 800271932
04/23/2013	Withdrawal	Withdrawal	Cash			\$475,000.00	\$750,293.71	TRF TO # 14294772
04/23/2013	Deposit	Deposit	Cash			\$475,000.00	\$1,225,293.71	TRF FR # 14294772
04/30/2013	Income	Interest - Variable	Cash held in CIP			\$142.21	\$1,225,435.92	30 days coverage disclosed \$0.002, 0% coverage min. 3000%

Transfer of \$2,200,000

April 30 to May 31, 2013

RAYMOND JAMES®

Your Activity

Quinn, Ariel & Clocha Account No. 60307460

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$2,200,000.00	\$2,200,000.00
Total Deposits	\$2,200,000.00	\$2,200,000.00

Withdrawals

Type	This Statement	Year to Date
Withdrawals	\$(2,200,025.00)	\$(2,200,025.00)
Total Withdrawals	\$(2,200,025.00)	\$(2,200,025.00)

Cash Sweep Transfers

Type	This Statement
Transfers From	\$25.00
Net Transfers	\$25.00

Income

Type	This Statement	Year to Date
Dividends - Taxable	\$0.00	\$10,818.00
Interest on RJ Bank Deposit Program	\$1.40	\$7.21
Total Income	\$1.40	\$10,825.21

Expenses

Type	This Statement	Year to Date
Fees	\$0.00	\$(7,085.58)
Total Expenses	\$0.00	\$(7,085.58)

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$45,849.90 RJ Bank Deposit Program Balance
05/30/2013	Deposit	Deposit	Cash			\$2,200,000.00	\$2,200,000.00	TEF FR #60307460
05/30/2013	Withdrawal	Withdrawal	Cash			\$(2,200,000.00)	\$0.00	WIRE TO: CLAS J HUGOBORG
05/30/2013	Withdrawal	Withdrawal	Cash			\$(25.00)	\$(25.00)	WIRE FEE
05/30/2013	Cash Sweep	Transfer From	Raymond James Bank Deposit Program			\$25.00	\$0.00	\$45,804.90 RJ Bank Deposit Program Balance

Transfer of \$2,200,000

April 30 to May 31, 2013

RAYMOND JAMES®

Your Activity (continued)

GSI of Dade County Inc Account No. 60321832

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
05/24/2013	Purchase	Purchase	RITE AID CORPORATION (RAD)	3,500,000	\$2.879	\$(10,074.75)	\$3,111,919.50	
05/28/2013	Purchase	Purchase	PGT INCORPORATED (PGTI)	500,000	\$7.750	\$(3,875.00)	\$3,111,944.50	
05/29/2013	Purchase	Purchase	BLOOMIN BRANDS INCORPORATED (BLMN)	2,000,000	\$21.500	\$(43,000.00)	\$3,108,744.50	
05/29/2013	Purchase	Purchase	CHANNEL ADVISOR CORPORATION (ECOM)	100,000	\$14.000	\$(1,400.00)	\$3,106,344.50	
05/30/2013	Withdrawal	Withdrawal	Cash			\$(2,200,000.00)	\$906,344.50	TRF TO # 90307460
05/31/2013	Income	Interest - Taxable	Cash held in CIP			\$108.14	\$905,452.64	31 days average balance \$3,304,740.79 average rate 0.39%

(b) DESIGNATION OF AGENT(S):

✓ I, Ariel Quiros, 19 Grand Bay Estates Circle, Key Biscayne, Florida 33149, hereby appoint:


✓ Louis J. Ruggiero, Esq., 20 Vesey Street-Suite 1200, New York, New York 10007, as my agent(s)

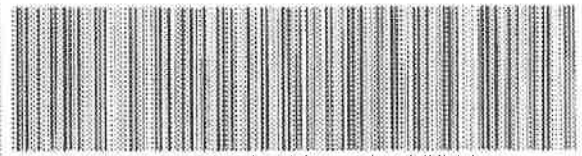


If you designate more than one agent above, they must act together unless you initial the statement below.

{ } My agents may act SEPARATELY.

(g) MODIFICATIONS: (OPTIONAL) In this section, you may make additional provisions, including language to limit or supplement authority granted to your agent. However, you cannot use this Modifications section to grant your agent authority to make major gifts or changes to interests in your property. If you wish to grant your agent such authority, you MUST complete the Statutory Major Gifts Rider.

This Power is specifically intended to allow my agent on my behalf, to execute any and all documents necessary for the purchase of the property located at 220 Riverside Boulevard - Unit 1B L, New York, New York 10069, and Storage Unit 54



NYC DEPARTMENT OF FINANCE OFFICE OF THE CITY REGISTER <small>This page is part of the instrument. The City Register will rely on the information provided by you on this page for purposes of indexing this instrument. The information on this page will control for indexing purposes in the event of any conflict with the rest of the document.</small>		 2013072201006001001E7B20	
RECORDING AND ENDORSEMENT COVER PAGE		PAGE 1 OF 2	
Document ID: 2013072201006001 Document Type: DEED Document Page Count: 5		Document Date: 07/15/2013 Preparation Date: 07/23/2013	
PRESENTER: STANDISH TITLE AGENCY INC, PICK UP EMBLEARI 89-08 METROPOLITAN AVENUE STA 13-12566NY FOREST HILLS, NY 11375 718-261-3000 INFO@STANDISH-TITLE.COM		REFERS TO: LOUIS J. RUGGIERO, ESQ 20 VESSEY STREET LOWER LEVEL LEFT JACKSON HEIGHTS, NY 11372	
PROPERTY DATA Borough: MANHATTAN Block: 1171 Lot: 1708 Unit: Entire Lot 18L Address: 220 RIVERSIDE BOULEVARD Property Type: SINGLE RESIDENTIAL CONDO UNIT			
CROSS REFERENCE DATA CRFN _____ or DocumentID _____ or Year _____ Book _____ Page _____ or File Number: _____			
GRANTOR/SELLER: IRAN BRACHIA 89 RIVERSIDE BOULEVARD, PH18A NEW YORK, NY 10069		GRANTEE/BUYER: ARHEL QUIROS 19 GRAND BAY ESTATES CIRCLE KEY BISCAYNE, FL 33149	
<input checked="" type="checkbox"/> Additional Parties Listed on Continuation Page			
FEES AND TAXES Mortgage: Mortgage Amount: \$ 0.00 Taxable Mortgage Amount: \$ 0.00 Exemption: \$		Filing Fee: \$ 125.00 NYC Real Property Transfer Tax: \$ 33,488.25 NYS Real Estate Transfer Tax: \$ 33,599.00 \$2,140.00 - \$2,140.00 = \$	
TAXES: County (Basic): \$ 0.00 City (Additional): \$ 0.00 Soc (Additional): \$ 0.00 TASS: \$ 0.00 MTS: \$ 0.00 NYCTA: \$ 0.00 Additional MTL: \$ 0.00 TOTAL: \$ 0.00		RECORDED OR FILED IN THE OFFICE OF THE CITY REGISTER OF THE CITY OF NEW YORK Recorded/Filed: 07/29/2013 15:17 City Register File No (CRFN): 2013008314876   City Register Official Signature	
Recording Fee: \$ 02.00 Ad Valorem Fee: \$ 0.00			

HELP

[Click help for additional instructions]
Selecting a help option will open new window

Current Search Criteria:

Name: ARIEL QUIROS
Date: To Current Date
Party Type: All Parties
Borough/County: All Boroughs/Counties
Document Class: All Document Classes

Search Results By Party Name

Records 11 - 20 << [previous](#) [next](#) >> Max Rows [Search Options] [New Name Search] [Edit Current Search] [Print Index]

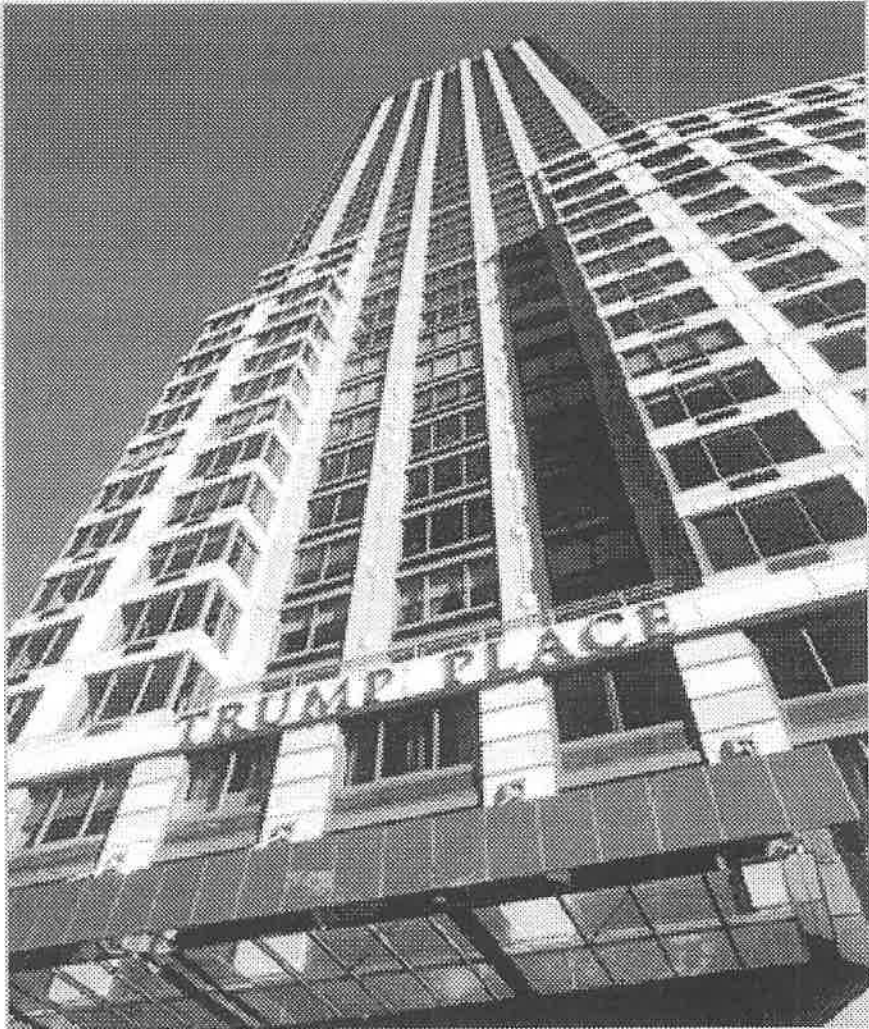
View	Party Type/Other	Party Name	Borough	Block	Lot	Real/Pg/File	CFFN	Partial	Doc Date	Recorded/Filed	Document Type	Pages	Corrected/Remarks	Doc Amount
DET IMG	1	QUIROS, ARIEL	MANHATTAN	1171	1873		2012000345976	ENTIRE LOT	6/6/2012	6/28/2012 2:26:43 PM	POWER OF ATTORNEY	8		0
DET IMG	2	QUIROS, ARIEL	MANHATTAN	1171	1704		2012000314076	ENTIRE LOT	7/18/2012	8/9/2012 2:37:31 PM	DEED	7		2,305,000
DET IMG	2	QUIROS, ARIEL	MANHATTAN	1171	1873		2012000314070	ENTIRE LOT	7/18/2012	8/9/2012 11:17:23 AM	DEED	7		10,000
DET IMG	1	QUIROS, ARIEL	QUEBENS	9159	54		2012000137852	ENTIRE LOT	3/19/2012	4/5/2012 9:05:47 AM	SATISFACTION OF MORTGAGE	3		0
DET IMG	1	QUIROS, ARIEL	MANHATTAN	835	1066		2012000444062	ENTIRE LOT	12/6/2011	12/22/2011 10:46:20 AM	POWER OF ATTORNEY	7		0
DET IMG	1	QUIROS, ARIEL	MANHATTAN	835	1067		2012000444062	ENTIRE LOT	12/6/2011	12/22/2011 10:46:20 AM	POWER OF ATTORNEY	7		0
DET IMG	1	QUIROS, ARIEL	MANHATTAN	835	1068		2012000444062	ENTIRE LOT	12/6/2011	12/22/2011 10:46:20 AM	POWER OF ATTORNEY	7		0
DET IMG	2	QUIROS, ARIEL	MANHATTAN	835	1066		2012000444061	ENTIRE LOT	12/6/2011	12/22/2011 10:46:19 AM	DEED	15		4,149,369
DET IMG	2	QUIROS, ARIEL	MANHATTAN	835	1067		2012000444061	ENTIRE LOT	12/6/2011	12/22/2011 10:46:19 AM	DEED	15		4,149,369
DET IMG	2	QUIROS, ARIEL	MANHATTAN	835	1068		2012000444061	ENTIRE LOT	12/6/2011	12/22/2011 10:46:19 AM	DEED	15		4,149,369

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Purchase of 220 Riverside Boulevard Condominium
AKA TRUMP PLACE NEW YORK



Nicole Quiros' Residence- 220 Riverside Boulevard Condominium
AKA TRUMP PLACE NEW YORK

0159638

THIS DOCUMENT HAS A VOID, PANTOGRAPH, MICROPRINTING AND AN ARTIFICIAL WATERMARK.

GSI Of Dade County
111 NE 1St St
4Th Floor
Miami, FL 33132

Citibank
1685 Washington Ave, Miami

63-8655
2660

Check Date 4/17/2015

Check Number 10019

Pay *Two Thousand Three Hundred Six Dollars and Eighty Cents*

\$****2,306.80

To the Order of: ₁

Nicole Quiros
220 Riverside Blvd
Apt 18L
New York, NY 10069

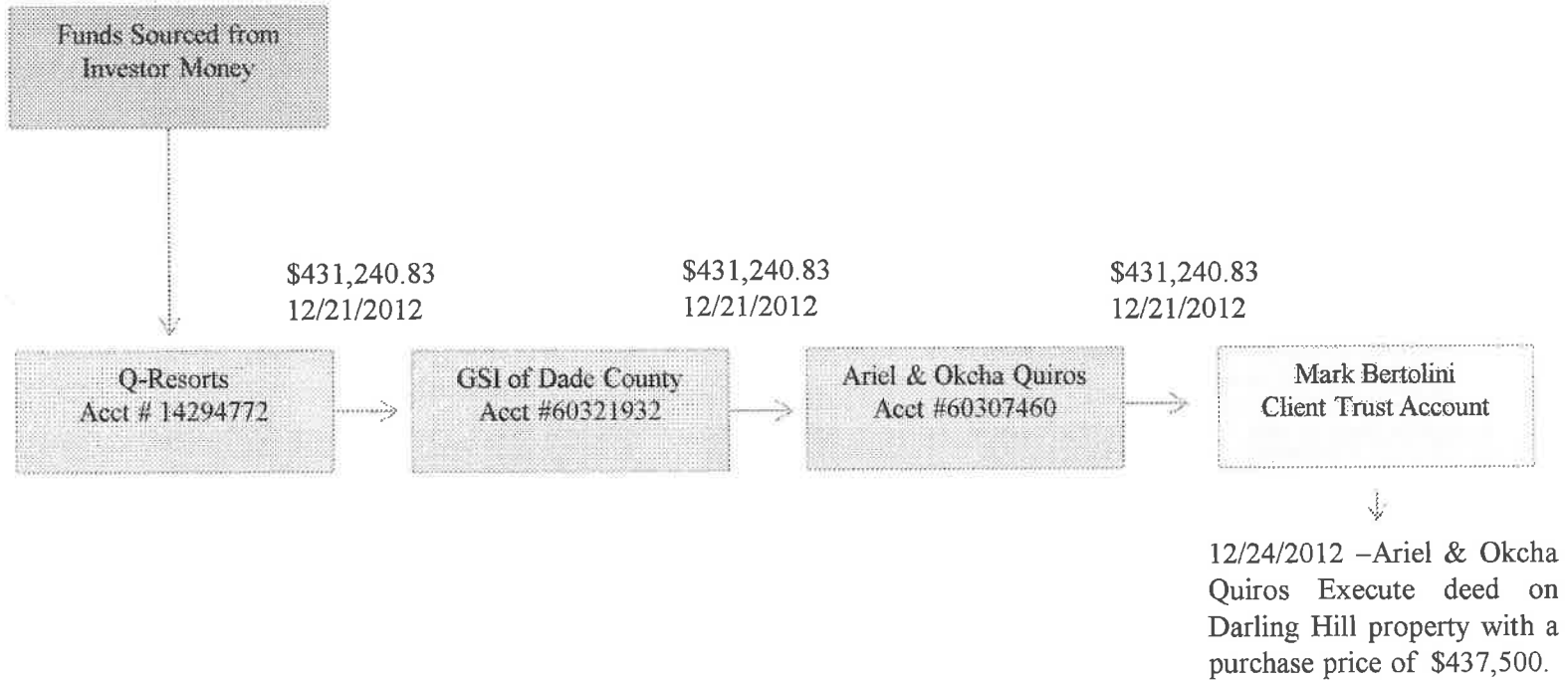
2
PAY ONLY FOR TRANSFER TO CTSCTS
10019



Authorized Signature

⑆010019⑆ ⑆266086554⑆ 9138995932⑆

Purchase of 4452 Darling Hill Property



Plus an additional \$28,853.00 to renovate the property

Activity Summary

Deposits			Withdrawals			Purchases		
Type	This Statement	Year to Date	Type	This Statement	Year to Date	Type	This Statement	Year to Date
Deposits	\$431,240.83	\$1,834,240.83	Withdrawals	\$(431,240.83)	\$(1,834,330.83)	Purchases	\$0.00	\$(500,493.83)
Total Deposits	\$431,240.83	\$1,834,240.83	Total Withdrawals	\$(431,240.83)	\$(1,834,330.83)	Total Purchases	\$0.00	\$(500,493.83)

Income			Expenses			Cash Sweep Transfers	
Type	This Statement	Year to Date	Type	This Statement	Year to Date	Type	This Statement
Dividends - Taxable	\$5,162.50	\$16,293.01	Fees	\$0.00	\$(7,357.85)	Transfers From	\$25.00
Interest at RJ Bank Deposit Program	\$1.40	\$18.28	Total Expenses	\$0.00	\$(7,357.85)	Transfers To	\$(5,162.50)
Total Income	\$5,163.90	\$16,311.29				Net Transfers	\$(5,137.50)

Activity Detail

Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$0.00	\$38,770.38 RJ Bank Deposit Program Balance
12/03/2012	Income	Dividend - Taxable	FORD MTR COMPANY DEL COM PAR \$0.01 (F)			\$5,162.50	\$5,162.50	\$0.00 per share x 102,250.00 shares
12/03/2012	Cash Sweep	Transfer To	Raymond James Bank Deposit Program			\$(5,162.50)	\$0.00	\$(1,035.28 RJ Bank Deposit Program Balance
12/21/2012	Deposit	Deposit	Cash			\$431,240.83	\$431,240.83	WFF PR # 60321532
12/21/2012	Withdrawal	Withdrawal	Cash			\$(431,240.83)	\$0.00	WIRE TO MARR BERTOLINI
12/21/2012	Withdrawal	Withdrawal	Cash			\$(25.00)	\$(25.00)	WIRE FEE



Purchase of 4452 Darling Hill Property

0159641

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that, PETER MICHAEL McLINN, Trustee of Restated Peter Michael McLinn Trust dated June 13, 2006, and CLAUDETTE M. McLINN, Trustee of Restated Claudette M. McLinn Trust dated June 13, 2006, both of Southburytown, in the County of Washington, and State of Rhode Island, Grantors, in the consideration of ONE DOLLAR AND OTHER GOOD AND VALUABLE CONSIDERATION, paid to our full satisfaction by ARIEL QUIROS and OK CHA QUIROS of Key Biscayne, in the County of Dade and State of Florida, Grantees, by these presents do freely GIVE, GRANT, SELL, CONVEY AND CONFIRM, unto the said Grantees, ARIEL QUIROS and OK CHA QUIROS, husband and wife, as tenants by the entirety, and their heirs and assigns forever, a certain piece of land in Burke, in the County of Colchester, and State of Vermont, described as follows, viz:

Being a parcel of land together with a dwelling house and other improvements thereon, located at 4452 Darling Hill Road conveyed to the Grantors herein by the following conveyances:

A. Being all and the same lands and premises conveyed to PETER MICHAEL McLINN, Trustee of Restated Peter Michael McLinn Trust dated June 13, 2006, and CLAUDETTE M. McLINN, Trustee of Restated Claudette M. McLinn Trust dated June 13, 2006 by Chute Chain Deed of PETER MICHAEL McLINN, Trustee under Declaration of Trust dated August 18, 1995, dated July 11, 2009 and recorded in Book 106 at Page 355 of the Burke Land Records;

B. Being all and the same lands and premises conveyed to PETER MICHAEL McLINN, Trustee under Declaration of Trust dated August 18, 1995 by MICHAEL McLINN and CLAUDETTE McLINN by Warranty Deed dated August 18, 1995 and recorded in Book 67 at Page 282 of the Burke Land Records;

C. Further being all the same lands and premises conveyed to MICHAEL McLINN and CLAUDETTE M. McLINN by Warranty Deed of DONALD I. KATZ and SUSAN A. KATZ, dated July 10, 1996 and recorded in Book 49 at Page 1 of the Burke Land Records;

The premises herein conveyed are subject to the applicable covenants and restrictions recited in a certain deed from Brian C. Kelly to Neigh H. Mink, dated October 7, 1974 and recorded in Book 32 at Page 210 of the Burke Land Records.

The Grantors further renounce any and all rights they may have under a certain Declaration of Covenants and Restrictions, dated October 7, 1974 and recorded in Book 32 at Page 236 of the Burke Land Records

This conveyance is made subject to and with the benefit of any utility easements, spring rights, easements for ingress and egress, and rights incidental to each of the same as may appear more particularly of record, provided that this paragraph shall not release any such encumbrances previously extinguished by the Marketable Record Title Act, Subchapter 7, Title 37, Vermont Statutes Annotated.

Reference is hereby made to the aforesaid deeds and their records and to all prior deeds in the chain of title and the records thereof for a further and more particular description of the lands and premises hereby conveyed.

TO HAVE AND TO HOLD said granted premises, with all the privileges and appurtenances thereof, to the said Grantees, ARIEL QUIROS and OK CHA QUIROS, husband and wife, as tenants by the entirety, and their heirs and assigns, to their own use and behoof forever; and we the said Grantors, PETER MICHAEL McLINN, Trustee of Restated Peter Michael McLinn Trust dated June 13, 2006, and CLAUDETTE M. McLINN, Trustee of Restated Claudette M. McLinn Trust dated June 13, 2006, for ourselves and our heirs, executors and administrators, do covenant with the said Grantees, ARIEL QUIROS and OK CHA QUIROS, husband and wife, as tenants by the entirety, and their heirs and assigns, that until the expiring of these presents we are the sole owners of the premises, and have good right and title to convey the same in manner aforesaid, that they are FREE FROM EVERY ENCUMBRANCE, except as aforesaid and easements of record in the Burke Land Records, and we hereby engage to WARRANT AND DEFEND the same against all lawful claims whatsoever, except as aforesaid.

WE hereunto set our hands and seals, this 21st day of December, 2012.

Received for recording
Burke Town Clerk's Office
Date: December 21, 2012
Recorded in Burke Land
Records Book 111
Page 220 of 220
Ariel Quiros
Trust Clerk

Peter Michael McLinn
PETER MICHAEL McLINN, Trustee of Restated Peter Michael McLinn Trust dated June 13, 2006

Claudette M. McLinn
Trust Clerk

VERMONT PROPERTY TRANSFER
30 VSA CHAP 231
RETURN RECEIVED
RETURN # r3-3
DATE December 1, 2013
SIGNED Claudette M. McLinn
FOR CLERK

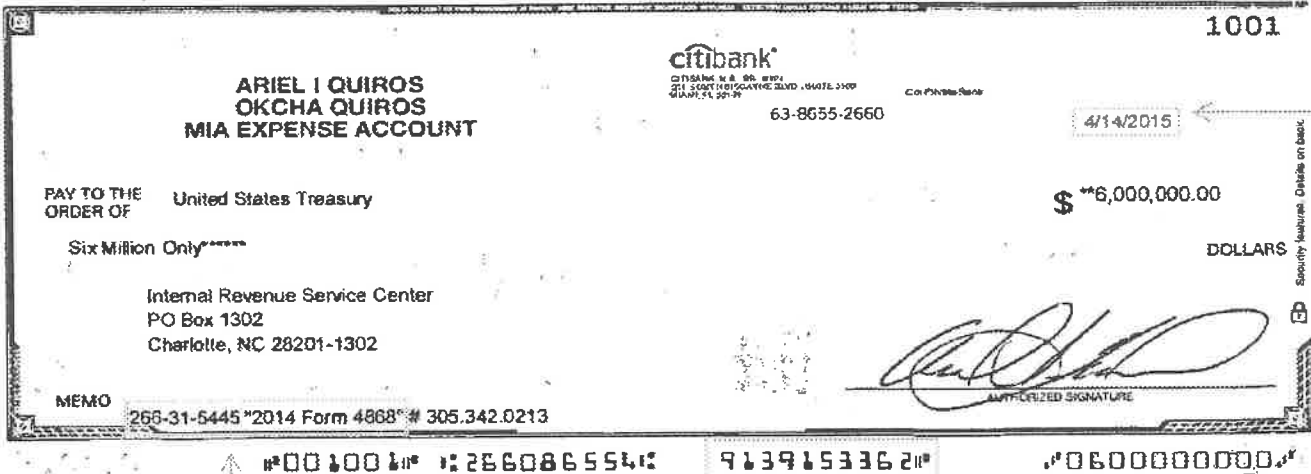
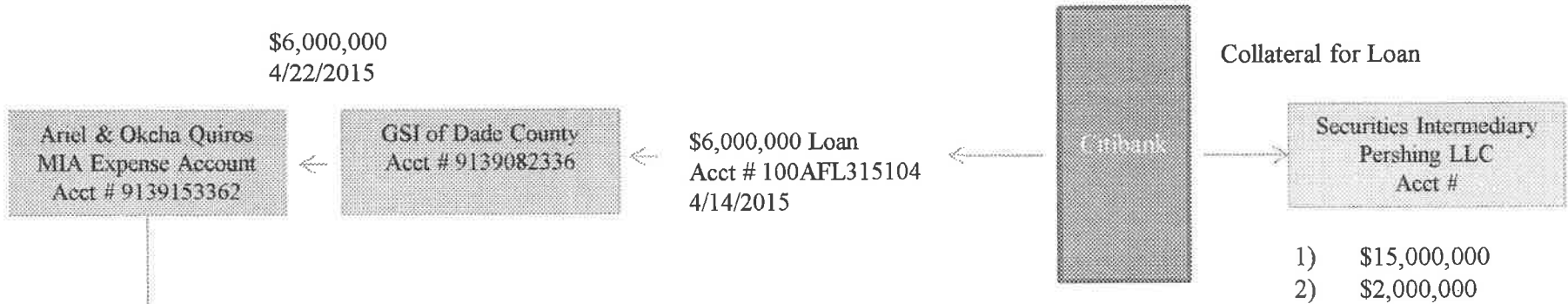
Claudette M. McLinn
CLAUDETTE M. McLINN, Trustee of Restated Claudette M. McLinn Trust dated June 13, 2006

STATE OF RHODE ISLAND
WASHINGTON COUNTY, SS.

Peter Michael McLinn this 21st day of December, 2012, personally appeared PETER MICHAEL McLINN, Trustee of Restated Peter Michael McLinn Trust dated June 13, 2006 and CLAUDETTE M. McLINN, Trustee of Restated Claudette M. McLinn Trust dated June 13, 2006, and they acknowledged this instrument, by their signed and subscribed, to be their free act and deed.

Before me, *Walter C. Smith*
Notary Public
My commission expires 10-31-16

April 2015 Loan Transaction



Second to last day to file a Form 4868 for the 2014 tax year

Ariel Quiros Social Security Number and the automatic personal tax extension

Citibank Personal Account Number

Other Purchases with Investor Money

Vehicles: \$69,452 on a Range Rover Defender; \$67,000 on a excavator; \$1,896.71 per month on a leased Porsche; \$17,500 on a 1942 Ford GPW

Association Fees: \$15,048 on residence in Key Biscayne; \$143,568 business condominium Miami; \$\$6,300 on parking in Miami

Attorney Fees: \$47,500 on divorce attorney; Richardson & Patel, \$150,000 on SEC attorneys for Ariel Quiros; \$15,000 on personal attorney Brian Hersh; \$40,000 to Fred Burgess for consulting

Credit Cards: over \$157,859 on American Express payments; over \$23,500 on Capital One payments

\$1,100,000 to purchase the Tango Grill Restaurant in Miami, Florida

\$1,401,482.50 to purchase the properties located in downtown Newport known as the Renaissance Block from the Spates Family

Purchase of AnC Bio Project Site in Newport, Vermont

Newport City To Give Bogner Drive To AnC Bio Vermont

Submitted by trish on Thu, 02/20/2014 - 4:30pm

Newport City To Give Bogner Drive To AnC Bio Vermont

Robin Smith

Staff Writer | Orleans County Record

Wednesday, February 19, 2014

NEWPORT CITY -- The city council is preparing to give up ownership of the access drive to the future home of AnC Bio Vermont, the bio-tech company that is expected to bring hundreds of jobs to the area.

The AnC Bio Vermont research and development tower will be built next to the former Bogner plant off Bogner Drive, above the western shore of southern Lake Memphremagog.

The developers of AnC Bio Vermont want to control access to the new facility, and they have asked the city council to consider giving up the public drive to the site.

The council on Monday evening agreed that it would be better for AnC Bio Vermont to have oversight of the long driveway, according to Alderman John Wilson.

The council will put the process in motion to convert the public road into a private road, taking into account water and sewer lines. "We'll lay the groundwork," Wilson said.

About 46 years ago, the city built Bogner Drive as a public road to the site to welcome the Bogner of America plant, where hundreds of people worked for years to create ski wear for years.

Wilson said that the city would be happy to give up a public road that otherwise requires maintenance and plowing. And that would allow AnC Bio Vermont to control the entrance to the site, he said.

Bogner eventually closed the manufacturing plant and kept only offices, renting out most of the office space.

Bill Stenger, president of Jay Peak Resort, and his partners in the Northeast Kingdom Economic Development Initiative want to bring the AnC Bio Vermont plant to Newport City.

They used capital from foreign investors made possible through the federal EB-5 program to buy the Bogner site for \$3 million, and have worked for several years since then to bring the project along. They are almost at the point of applying for local and state land use permits.

AnC Bio Vermont is a subsidiary of AnC Bio, a company based in Seoul, South Korea. The new plant will include manufacture of medical devices, a research and development facility, and clean rooms that will be rented by scientists from across the Northeast and eastern Canada, creating jobs at all levels.

It is one of the EB-5 projects proposed by Stenger and partners for the Newport City area. They have purchased the Spates Block on Main Street to convert into the Renaissance Block of shops, suites and restaurants. They also have an option to buy the Waterfront Plaza to convert it to the Newport Marina Hotel and Conference Center.

The developers are preparing to apply for city permits and have worked out what could be a final design that meets local zoning.

The city is in the process of adjusting zoning to allow the research tower.

On 2/19/2014, the *Orleans County Record* published an article about AnC Bio's acquisition of the Bogner Site. The article alludes to the original purchase of the site by GSI (although GSI is not specifically mentioned), and notes that the \$3 million purchase was funded by EB-5 investor funds.

The Facts of the Transaction:

On September 16, 2011,
GSI purchased the
Bogner Site from James
& Mary Ann Mulkin for
\$3,150,000 .

172 BOGNER DR

Location 172 BOGNER DR **Assessment** \$2,034,700
Mblu 134047 / / / **PID** 311
Acct# 435-136-14429 **Building Count** 1
Owner GSI OF DADE COUNTY INC

Current Value

Valuation Year	Assessment		Total
	Improvements	Land	
2014	\$1,861,800	\$172,900	\$2,034,700

Owner of Record

Owner GSI OF DADE COUNTY INC **Sale Price** ~~\$3,150,000~~
Co-Owner **Book & Page** 2007 132
Address 111 NE 1ST STREET 4TH FLOOR **Sale Date** 09/16/2011
 MIAMI, FL 33132-2581

Ownership History

Owner	Sale Price	Book & Page	Sale Date
MULKIN JAMES & MARY ANN &	\$1,800,000	1887 054	12/03/2007
BOGNER OF AMERICA INC	00	0537 001	

Building Information

Building 1 : Section 1

Year Built: 1971
Living Area: 68385
Replacement Cost: \$2,354,364
Building Percent: 68
Good:
Replacement Cost less Depreciation: \$1,760,400

Building Attributes	
Field	Description
STYLE	Light Industrial
MODEL	Industrial
Grade	Flag/Flat
Stories	1
DEPTH	1
Exterior Wall 1	Reg-Finish Mtl

Building Photo

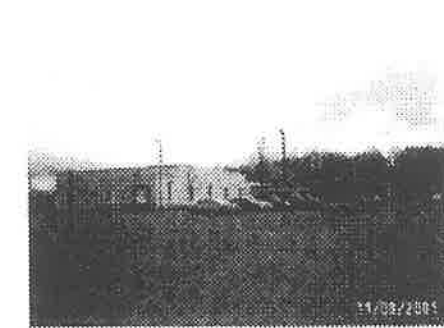


Photo: /storage-egs.com/eh/usa/56000/171/1011/1001/001/133/16.jpg

Building Layout

Payment One Authorization (9/14/2011):

Attention: Mr. Joel Burstein
Raymond James & Associates

Date: September 14th, 2011

Subject: Wire Transfer

#4002158

Joel,

Please transfer money from Q. Resorts Inc. account # 14294772 to GSI of Dade County Inc. account # 60321932 and from GSI of Dade County Inc. account # 60321932 to:

Robert B. Chimileski, P.C. Client Trust Account

Account # 02211610:01

Community National Bank

P.O. Box 259

Derby, Vermont 05829


Phone # 802-334-7915

Route # 011601029

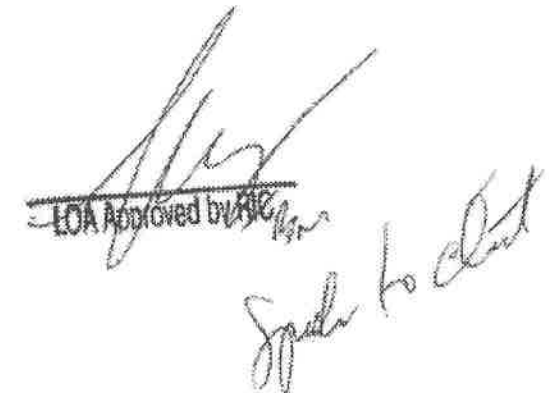
The amount of \$ 1,139,503.40

Joel, if you have any questions do not hesitate to call me at #305-579-9082.
Thank you for your attention.

Best regards,



Ariel Quiros
AIQ/lkp



LOA Approved by [Signature]
Spoke to client

Payment One Transaction (9/15/2011):

August 31 to September 30, 2011



Your Activity

CSI of Dade County Inc Account No. 60321932

Activity Summary

Deposits

Type	This Statement	Year to Date
Deposits	\$1,829,975.40	\$8,118,975.40
Transfers In	\$0.00	\$3,624.17
Total Deposits	\$1,829,975.40	\$8,122,599.57

Withdrawals

Type	This Statement	Year to Date
Transfer Out	\$0.00	\$85.00
Withdrawals	\$1,852,650.40	\$4,827,220.40
Total Withdrawals	\$1,852,650.40	\$4,912,305.40

Purchases

Type	This Statement	Year to Date
Purchases	\$0.00	\$835,493.88
Total Purchases	\$0.00	\$835,493.88

Income

Type	This Statement	Year to Date
Unsettled Com	\$0.00	\$0.19
Interest - Transfer	\$11.80	\$189.10
Total Income	\$11.80	\$189.29

Activity Detail

Date	Activity Category	Activity Type	Description of Physical or CLIPP	Quantity	Price	Amount	Cash Balance	Additional Detail
			Beginning Balance				\$170,502.00	
08/30/2011	Deposit	Deposit	Cash			\$100,000.00	\$270,502.00	TRF FR # 14294779
08/30/2011	Withdrawal	Withdrawal	Cash			\$100,000.00	\$170,502.00	WDR TO CSI OF DADE ONLY
08/30/2011	Withdrawal	Withdrawal	Cash			\$05.00	\$170,497.00	WDR FEE
08/30/2011	Deposit	Deposit	Cash			\$1,829,975.40	\$3,000,472.40	
08/30/2011	Withdrawal	Withdrawal	Cash			\$1,852,650.40	\$1,147,822.00	
09/15/2011	Withdrawal	Withdrawal	Cash			\$85.00	\$1,147,737.00	WDR FEE

Payment Two Authorization (9/26/2011):

On September 26, 2011, Ariel Quiros sent a letter of authorization to Joel Burstein requesting a series of wire transfers: \$204,947.00 from the Q. Resorts, Inc. account at Raymond James (Acct. #14294772) to the GSI account at Raymond James (Acct. #60321932), and subsequently this sum from the GSI account at Raymond James to the Robert B. Chimileski, P.C. Client Trust Account at Community National Bank (Acct. #02211610:01).

September 26, 2011

Raymond James & Associates

Attention: Joel Burstein

To Whom it May Concern:

Please process the following transactions:

Please journal 204,947.00 from Q. Resorts A/C # 14294772 to GSI of Dade County A/C # 60321932. Then follow wiring instructions below

Please wire \$204,947.00 from GSI of Dade County A/C 60321932 to:

Robert B. Chimileski, P.C., Client Trust Account
Community National Bank
PO Box 259
Derby, Vermont
ABA #011601029
Account # 0221161001
Phone: 802-334-7915

Thank you for your attention to this matter.

Sincerely,

Ariel I. Quiros

Payment Two Transaction (9/26/2011):

August 31 to September 30, 2011



Your Activity (continued)
 CSI of Dade County Inc Account No. 60321902

Activity Detail (continued)

Date	Activity Category	Activity Type	Description (Symbol or CLIFP)	Quantity	Price	Amount	Cash Balance	Additional Detail
08/26/2011	Deposit	Deposit	Cash			\$250,000.00	\$250,000.00	WIRE FROM BANK
08/26/2011	Withdrawal	Withdrawal	Cash			\$250,000.00	\$0.00	WIRE TO BANK
09/23/2011	Withdrawal	Withdrawal	Cash			\$225.00	\$179,427.00	WIRE FEE
09/23/2011	Deposit	Deposit	Cash			\$25.00	\$179,452.00	REV W/PAYEE
09/23/2011	Deposit	Deposit	Cash			\$407,500.00	\$586,952.00	TRF FR 414294772
09/23/2011	Withdrawal	Withdrawal	Cash			\$407,500.00	\$179,452.00	WIRE TO CLIPS J RUDOLPH
09/23/2011	Withdrawal	Withdrawal	Cash			\$225.00	\$179,427.00	WIRE FEE
09/30/2011	Income	Interest - Topnote	Cash held in CLIP			\$11.89	\$179,438.89	90 days average balance \$179,438.89 average rate .066%

“Final Payment” Authorization (12/16/2011):

On December 16, 2011, Ariel Quiros sent a letter of authorization to Joel Burstein requesting a series of wire transfers: \$1,000,000.00 from the Q. Resorts, Inc. account at Raymond James (Acct. #14294772) to the GSI account at Raymond James (Acct. #60321932), and subsequently this sum from the GSI account at Raymond James to the Robert B. Chimileski, P.C. Client Trust Account at Community National Bank (Acct. #02211610:01). The reference section of this letter of authorization notes “Final Payment Bogner site.”

[From an email dated December 16, 2011 -- TDP]

TO: Raymond James & Assoc.

RE: Wire from 60321932

Dear Joel Burstein Jr.,

Please journal \$1,000,000.00 from Q. Resorts A/C14294772 to GSI of Dade County A/C 60321932 and wire from GSI to the bank account per the following instructions:

Bank Name: Community National Bank
Bank Address: PO BOX 259
Derby, VT 05829

Client Services: 802-334-7915

Account #: 0221161001

ABA Routing #: 011601029

Account Name: Robert B. Chimileski P.C. Client Trust Account

Reference: Final Payment Bogner site

This wire transfer is for the client's business account.

Thank you for your prompt attention to this matter.

Sincerely,

Ariel Quiros

“Final Payment” Transaction (12/16/2011):

November 30 to December 31, 2011



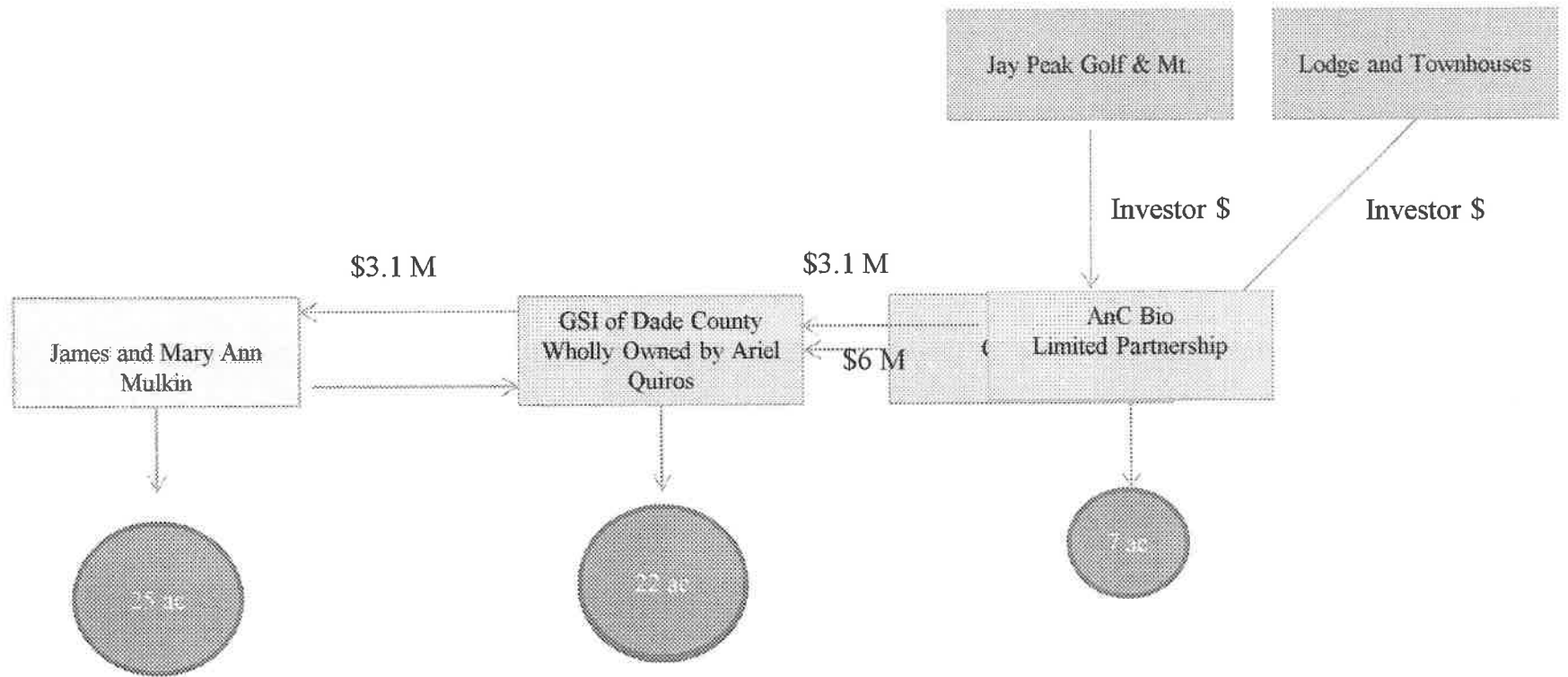
Your Activity (continued)

GSI of Dade County Inc Account No. 60321932

Activity Detail (continued)

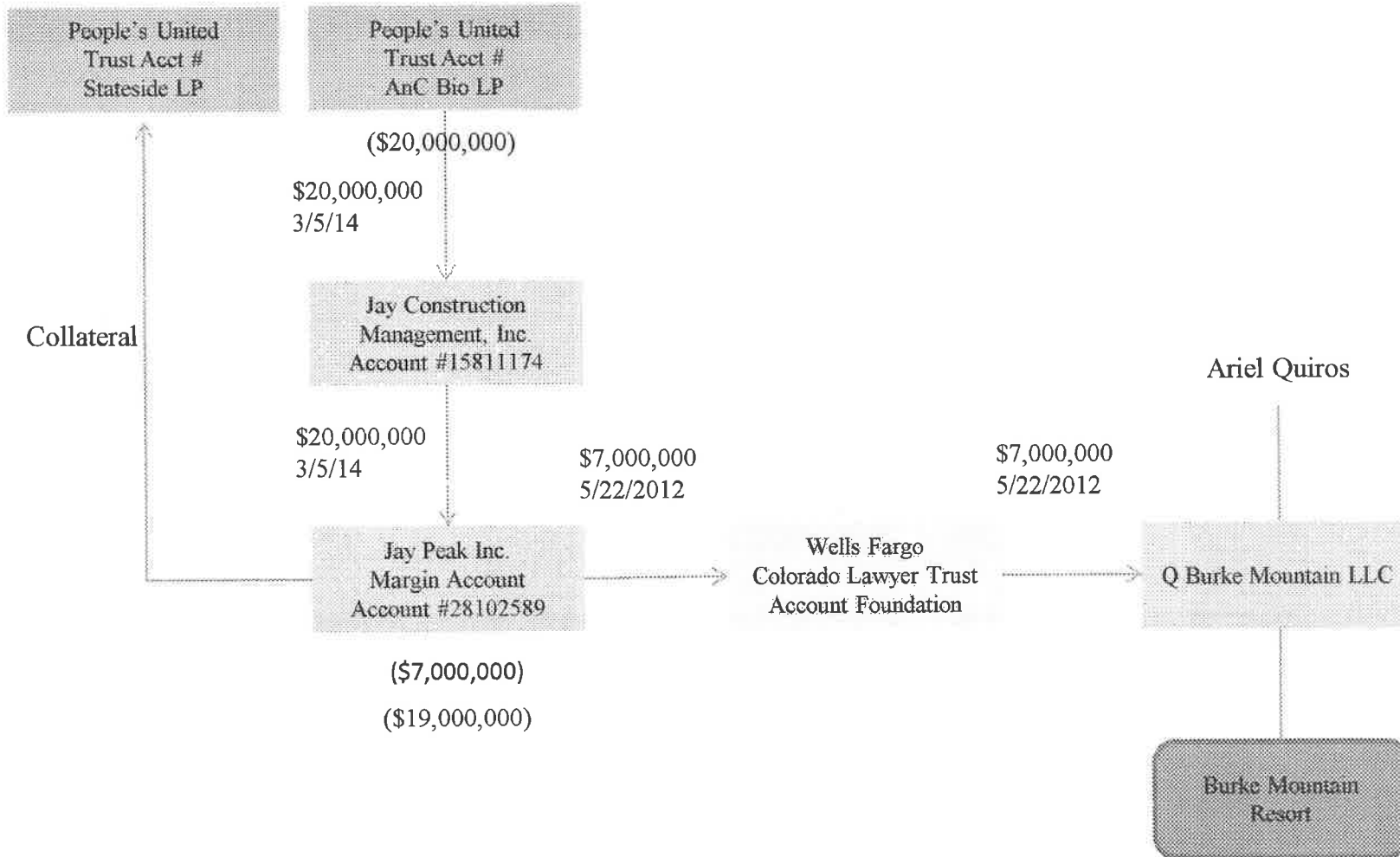
Date	Activity Category	Activity Type	Description (Symbol or CUSIP)	Quantity	Price	Amount	Cash Balance	Additional Detail
12/02/2011	Purchase	Purchase	FORD MTR COMPANY DEL COM PAR \$0.01 (F)	70,000,000	\$0.990	\$69,334.00	\$173,767.90	
12/05/2011	Withdrawal	Withdrawal	Cash			\$50,000.00	\$123,767.90	WIRE TO GSI OF DADE COUNTY
12/05/2011	Withdrawal	Withdrawal	Cash			\$25.00	\$123,742.90	WIRE FEE
12/06/2011	Sale/ Redemption	Sale	FORD MTR COMPANY DEL COM PAR \$0.01 (F)	80,000,000	\$10.500	\$840,004.00	\$963,847.70	
12/06/2011	Deposit	Deposit	Cash			\$50,000.00	\$1,013,847.70	TTW FR # 14204770
12/07/2011	Purchase	Purchase	FORD MTR COMPANY DEL COM PAR \$0.01 (F)	40,000,000	\$10.920	\$436,804.00	\$1,450,651.70	
12/16/2011	Expense	Fee	Cash			\$211.50	\$1,450,440.20	40 Fees for 093/360 Days at 1.00% on \$897,000.11
02/02/2012	Deposit	Deposit	Cash			\$1,000,000.00	\$1,450,440.20	TTW FR # 14204770
02/02/2012	Withdrawal	Withdrawal	Cash			\$1,000,000.00	\$450,440.20	WIRE TO GSI OF DADE COUNTY

Purchase of AnC Bio Project Site in Newport, Vermont



The Purchase of the Q Burke Resort

Ariel Quiros's Purchase of Burke Mountain Resorts



April 15, 2015 AnC Bio Groundbreaking

Spent \$5,000 of investor funds on commemorative shovels



JAY PEAK BIOMEDICAL RESEARCH PARK
 WILLIAM J STENGER
 ANIKEL I QUINOS
 4888 VT RT 240
 JAY VT 05859

March 31, 2014
 Total days in statement period: 31
 Page 1 of 2

Direct Inquiries to:
 CALL CENTER
 1-800-884-0396

Peoples United Bank
 15 Main Street
 Newport VT 05855

Summary of Account Balance

Account	Number	Ending Balance
Cash Management Checking	6590346739	\$39,773.81

Cash Management Checking 6590346739

Average balance \$390,536.79

1 Enclosure

Date	Description	Additions	Subtractions	Balance	Number	Date	Amount
02-28	Beginning balance			\$74,229.59	1004	03-17	\$,763.40
03-04	#Wire Xfr Cr Domestic	6,240,000.00	001000304102730	8,314,229.59			
03-04	#Wire Xfr Cr Domestic	6,240,000.00	001000304102746	12,554,229.59			
03-04	#Wire Xfr Cr Domestic	6,240,000.00	001000304102751	18,794,229.59			
03-04	#Wire Xfr Out Domestic	001000304141838	6,240,000.00	594,229.59			
03-11	#Wire Xfr Cr Domestic	6,240,000.00	001000311132834	6,834,229.59			
03-12	#Wire Xfr Out Domestic	001000312143736	-4,160,000.00	2,674,229.59			
03-12	#Wire Xfr Out Domestic	001000312143754	-2,600,000.00	74,329.59			
03-14	#Wire Xfr Out Domestic	001000314082921	-25,665.00	48,664.59			
03-17	Check 1004	000006003925338	-6,753.40	39,791.19			
03-19	#Analyzed S/C Analysis Activity for 02/14	000000000000000	-17.38	39,773.81			
03-31	Ending totals	24,960,000.00	-24,994,456.78	\$39,773.81			

Potential Charges under Vermont Uniform Securities Act

Project Managers

- Sale of unregistered securities
- Fraud for failing to disclose conflicts of interest to investors
- Fraud regarding use of proceeds

Raymond James

- Unregistered broker-deal activity in Vermont
- Failure to supervise broker-dealer
- Materially aiding in the fraud

Finder Fees

- 100 plus finders

Immigration Impact to Investors

Summary of Jay Peak EB-5 Projects as of 8/14/2015									
Name of Commercial Enterprise:	Jay Peak Hotel Suites, I.P	Jay Peak Hotel Suites Phase II, LP	Jay Peak Penthouse Suites, LP	Jay Peak Golf & Mountain Suites, LP	Jay Peak Lodge & Townhouses, LP	Jay Peak Hotel Suites Stateside, LP	Jay Peak Biomedical Research Park, LP	Q Burke Mountain Resort, Hotel and Conference Center, LP	Total
Total Investors per Offering	35	150	65	90	90	136	147	83	797
I-526 Petitions Approved **	35	145	65	90	88	131	83	46	683
I-526 Petitions Denied due to Investor's Source of Funds		1	1		1	2			5
I-829 Petitions Approved **	34	139	58	54	8				293
I-829 Petitions Denied									
Investor Immigration Status Impacted	1	10	6	37	81	134	147	83	499
Immigration Status Likely Negated						134	147	83	364

Privileged and Confidential
Vermont Department of Financial Regulation ("DFR")

To: Jennie Simmons, Agent with the Federal Bureau of Investigation

From: Michael S. Pieciak, Deputy Commissioner of DFR

Re: Overview of Ariel Quiros' family and business ties with South Korea

In January 2015, when DFR began assisting the Agency of Commerce and Community Development ("ACCD") with oversight of the Vermont Regional Center, DFR became interested in Ariel Quiros' family and business ties with South Korea; in particular, AnC Biopharm (f/k/a AnC Ueda).

DFR focused on these relationships because the AnC Bio EB-5 Project in Newport, Vermont called for AnC Bio Pharm to receive \$50,000,000 dollars of investor funds (\$10,000,000 for the North American distribution rights of four stem cell related patents and \$40,000,000 for equipment purchases) from the Jay Peak Biomedical Research Park LP (the "LP").

DFR and ACCD required Ariel Quiros to provide an overview of these South Korean business relationships and include such in the revised AnC Bio private placement memorandum. The following is what was provided:

In 2001 Ariel Quiros introduced a U.S. company, Bioheart Inc., to the Korean Office of Foreign Trade, for the purposes of determining whether there would be any interest in a collaboration of the Korean government and this U.S. company. The Korean government confirmed that there was interest on their part. Bioheart Inc. in the U.S. confirmed that there was interest on their part.

A short time later, in 2002, a Korean company, Bioheart Korea, Inc. was established in Seoul, Korea for the purpose of collaborating with Bioheart, Inc for further research & development of Bioheart, Inc's products and therapies, and to conduct human trials of these in Korea under the Korean FDA. Bioheart Korea, Inc., after exhaustive efforts working with the KFDA, ultimately received approval from the KFDA to conduct human clinical trials in South Korea.

At that time, Ariel Quiros and William Kelly, who is counsel to AnC Bio Vt, became shareholders in Bioheart Korea, Inc. and also became shareholders in the US company Bioheart, Inc. Mr. Quiros and Mr. Kelly have spoken to many constituencies about the collaborative efforts of the two companies and have been photographed many times during these talks. Mr. Quiros, has at times, promoted the interests of the Korean company in the United States.

In 2006 Bioheart Korea, Inc went public by a reverse merger with BHK (formerly Shinsung DNK) and the public company became known as and traded on the name of BHK.

Privileged and Confidential
Vermont Department of Financial Regulation (“DFR”)

Neither Mr. Quiros, Mr. Stenger, nor Mr. Kelly has ever held paid positions, consultant or otherwise, with either Bioheart Korea Inc., BHK, or Bioheart Inc. Mr. Quiros was asked to join the Board of Directors of Bioheart Inc. in the United States and agreed to do so for a very short period of time in 2011, but is no longer a director.

In 2006 the Korean government, through its owned banking entity, KDB, provided funding to a newly formed company, Bioheart Manufacturing, Inc., for the construction of a clinical research laboratory in Seoul. The new facility would be held as collateral for the funding instruments

In 2009 Bioheart Manufacturing, Inc. changed its name to AnC Bio, Inc. and focused on further research & development of stem cell products, and to establish new product lines of their own. AnC Bio, Inc. bought all of the rights to cell therapies, artificial organs, and integrated intellectual properties that BHK owned.

Along with the transfer of IT, many of the senior management and scientists that were employed at BHK chose to join AnC Bio Inc. as the opportunities here were considerably expanded.

Although Mr. Quiros, Mr. Stenger, and Mr. Kelly have spoken to various constituencies about the products owned or licensed under Bioheart Manufacturing, Inc. or AnC Bio Inc., and have been photographed many times in this regard, none have ever held paid positions, consultant or otherwise, with either company. When the Offering Memorandum was first issued in November 2012, the Business Plan attached as an Exhibit thereto incorrectly stated that Ariel Quiros, one of the owners of AnC Bio VT, was also an owner and founder of AnC Bio, Inc. This reference is corrected in the updated Business Plan, attached as an Exhibit.

In 2009 AnC Ueda was also formed in Korea for the purposes of research and development of stem cell based cosmetic and dermatology therapies. In 2012 AnC Ueda changed its name to AnC Biopharm, Inc.

As of the time the Offering Memorandum was first issued in November 2012, AnC Bio, Inc. (sometimes inadvertently identified in the Memorandum as AnC Bio Korea, Inc.) owned the intellectual property and distribution rights to the AnC Bio Products that are integral to the Project. In January 2013 AnC Biopharm, Inc. acquired all of the rights to cell therapies, artificial organs and integrated intellectual properties from AnC Bio, Inc. It did not acquire the rights or the liabilities associated with the manufacturing facility in Seoul. At this point, all of the products and all of the rights that AnC Bio Vermont was interested in resided in one South Korean company, AnC Biopharm. An unofficial translated copy of the Business Operation and Properties Transfer Agreement conveying such assets to AnC Biopharm, Inc. is attached to this Memorandum as an Exhibit. As noted in that agreement, AnC Biopharm, Inc. also agreed effective as of the date of the agreement to employ all of AnC Bio, Inc.'s employees, and those employees are currently working in AnC Biopharm Inc.'s business operations in the facility in Seoul.

Privileged and Confidential
Vermont Department of Financial Regulation (“DFR”)

AnC Biopharm's products are the AnC Bio Products that will be further developed, manufactured and produced in the Vermont facility as further discussed in the Memorandum and the Business Plan.

In 2012 and 2013, two events began to unfold that altered the course of AnC Bio Inc. First, a Seoul based media company purchased a significant number (although not a majority) of shares of AnC Bio Inc. The media company, now wanting recognition of its investment in AnC Bio Inc, changed its name to AnC Bio Holdings, Inc. The Chairman of this company, Hong Hee Jung, later became subjected to legal proceedings and court activity in Korea, and AnC Bio Inc. suffered from the negative press about him and his company. AnC Bio Inc. was not a subsidiary of AnC Bio Holdings, Inc. Secondly, the Korean government owned bank (KDB) that originally provided funding for the clinical laboratory owned by Bioheart Manufacturing, Inc., sold its position (and the collateral agreement for the facility) to a new bank who chose to call in the financing or the collateral. Bioheart Manufacturing Inc. (now AnC Bio, Inc.) had the opportunity to pay off the financing or allow the facility to go to auction. It allowed the facility to go to auction.

AnC Biopharm was a tenant in the facility at the time of the auction and also had the opportunity to bid on the building at the auction. AnC Biopharm had plans at this time to conduct significant operations, including the attainment of U.S. FDA approval for its products, at the new facility to be built in Vermont. Additionally, AnC Biopharm. was assured by the prospective new owners of the facility in Korea that they would be allowed to continue their tenancy in the Seoul facility until such time as the Vermont facility was completed.

AnC Bio, Inc. and AnC Biopharm, Inc. are entities each organized in Korea and have some commonality of personal relationships between senior management, although there is no direct commonality of ownership. AnC Bio, Inc. is owned by JongWeon Choi and EnAh Jung. AnC Biopharm, Inc. is a wholly owned subsidiary of Vermont Immigration, Inc., a Korean corporation, whose owners are YoonHee Kwon, SeokSoon Cho and JooYoon Park. Vermont Immigration, Inc. was originally established for recruiting investors who are interested in EB-5 projects in the State of Vermont. Neither Mr. Quiros, Mr. Stenger, nor Mr. Kelly have ever held paid positions, consultant or otherwise, with either company.

AnC Biopharm, Inc. is working with AnC Bio VT to supervise the construction design and commissioning and validation of the new building and to provide support in connection with obtaining the U.S. FDA approvals for the Products. None of the Products to be licensed and developed by the Joint Venture Entity currently have U.S. FDA Approval. The T-PLS has approval from the Korean equivalent of the FDA, but it will still need to obtain U.S. FDA approval prior to manufacture and sales in the United States.

Dr. Ike Lee and Dr. Jake Lee (unrelated) plan to commence operations in Vermont to begin the pre-opening activities for the Vermont facility that will take place over the next year. Prior to the opening of the facility, the Limited Partnership and AnC Bio Vt, as

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Vermont Department of Financial Regulation (“DFR”)

outlined in this Memorandum, will jointly create a new company that will operate the facility going forward. It is anticipated that a small number of scientists from AnC BioPharm Inc. will assist with the opening and certification of the facility in Vermont.

The Property Transfer Agreement discussed in the above overview is provided with this memorandum (See **Exhibit A**).

Additionally, DFR inquired whether Ariel Quiros had familial ties to any South Korean entities or individuals that had received or were expected to receive funds from the LP. In a letter dated December 21, 2014 to ACCD, Ariel Quiros attests “I am not a relative of any person who is an owner or payee of, any company receiving funds from Jay Peak Biomedical Research Park LP...other than those relationships fully disclosed in the PPM...” (See **Exhibit B**). In a subsequent letter from Bill Stenger to ACCD on January 8, 2015, he writes “None of [the] three persons who are the sole principals of AnC Bio Vermont [Stenger, Ariel Quiros, and Ary Quiros] have any financial or familial relationship with AnC Bio Korea or AnC Bio Pharm Korea” (See **Exhibit C**).

In a January 21, 2015 letter from Ariel Quiros to ACCD, he adds, “...I wish to state that I, nor my wife or daughter, have any financial position or ownership of any kind in AnC Bio Korea or AnC Bio Pharm now or ever in the past” (See **Exhibit D**).

However, DFR is in possession of certain documents that suggest these attestations may be misrepresentations. Documents provided to DFR from the brokerage firm Raymond James reveal that in August 2011, AnC Bio Korea owner and CEO Jong Weon Choi appointed Ariel Quiros as Power of Attorney for his company Jay Construction Management, a company that is currently responsible for procuring equipment, intellectual property, licenses, and other goods and services on behalf of the LP (See **Exhibit E**).

Additionally, DFR is in possession of property records showing the purchase by Jong Weon Choi of a home in Miami, Florida from Ariel Quiros and his wife Okcha in 2003 and evidence that Jong Weon Choi borrowed over a million dollars from Ariel and Okcha Quiros in March 2007 (with the Quiros’ taking a mortgage in certain other property owned by Choi) (See **Exhibit F**). Again, this demonstrates a relationship between Choi and Quiros, and a conflict of interest, that was not disclosed to investors in the Jay Peak Biomedical Park PPM.

Furthermore, a 2010 article by *The Caledonian Record* about AnC Bio VT identifies Alex Choi (Jong Weon Choi’s anglicized name) as the brother of Okcha Quiros (See **Exhibit G**).

A final matter of concern for DFR is the lack of transparency exhibited by the project principals in regard to the status of AnC Bio Korea. In a June 2015 email to DFR, former Executive Director of the Vermont EB-5 Regional Center Brent Raymond describes his experience when attempting to visit the facility in Seoul: “...there was no AnC office listed. We double checked with people at the building and nobody knew of AnC...AnC Bio no longer had any offices at that address. They were now located 1 ½ hours outside of Seoul.” (See **Exhibit H**). As of September 18, 2015, AnC Bio Korea continues to list its former Seoul address on its website.

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Vermont Department of Financial Regulation (“DFR”)

Lastly, filings with the Securities and Exchange Commission suggest Alex Choi and Ariel Quiros had a substantive business relationship together in an entity called AnC Bio Holdings, Inc. See Bioheart, Inc., 8-K on EDGAR filed on January 25, 2011.

Exhibit A

Business Operation and Properties Transfer Agreement

This agreement is made and entered into for the purpose of transferring all properties and distribution rights including the affiliated rights and other properties as agreed and specified in this agreement (hereinafter "other specified properties") of AnC Bio, Inc.

Therefore, this Business Operation and Properties Transfer Agreement (hereinafter "Agreement") is made by and between AnC Bio, Inc., a South Korean business entity with its headquarters located at 884-1 Eoyeon-ri, Cheongbuk-myon, Pyeongtaek, Gyeonggi, Korea (hereinafter "transferor") and AnC Biopharm, Inc., a South Korean business entity with its headquarters located at 119-2 Nonhyun-dong, Gangnam-gu, Seoul, Korea (hereinafter "transferee").

1. [Subjects and Extent of Transfer]

The subjects and extent of transfer in this agreement include all the material resources, accompanied facilities and necessary rights for business operations.

2. [Evaluation and Decision on Transfer Price]

1. Both parties agree to decide later on the price of this transfer (hereinafter "transfer price") for the subjects as described in the Subjects and Extent of Transfer of this agreement based on the net assets stated in the balance sheet of AnC Bio, Inc for its 7th financial year as of the date December 31, 2012.

2. The transfer price as described above is the total price for this Business Operation and Properties Transfer Agreement. However, if anything in the subjects to be transferred is found lost or damaged through the joint inventory, the price for the lost or damaged subject shall be deducted from the transfer price for this agreement to make a final transfer price.

3. [Execution of Transfer]

As soon as this agreement becomes effective, the transferor shall begin transferring of all the properties and also give the transferee immediately all the necessary documents for registration or the entry of a change of holder.

4. [Decision of Transfer Price and Payment]

1. Both parties agree to decide the transfer price that transferee should pay to transferor as soon as the transfer of subjects is completed.

Price

Adjusted

Making of transfer

ASAD

2. Both parties agree that time and method of the payment for the transfer price described in the foregoing clause is as follows:

- 1) The transfer price shall be paid in cash immediately after the entry of a change of holder is completed on the subjects and the joint inventory is finished as stated in 2.2 in this agreement.
- 2) The transfer price shall be paid in cash but the time for such a payment shall be decided in consideration of transferee's operational and financial conditions.

*CASH but
MAYBE OVER TIME*

5. [Conditions of Employees]

1. As the date of this agreement, all the employees who are working for the transferor in association with this agreement shall be employed by the transferee.
2. As the date of this agreement, if there are any unpaid salaries and/or retirement allowances for the employees working for the transferor in association with this agreement, the transferee shall take a full responsibility for such obligations.
3. The transferee guarantees employment of workers employed by the clause 5.1 in this agreement and also acknowledges the period of working for the transferor. The terms of employment succession shall be contracted individually between employee and the transferee.

Employee

6. [Obligation of Cooperation]

The transferor shall make its best effort to cooperate with the transferee in business operations that include recommendation of the transferor's clients, customers and etc.

✓ cooperation

7. [Special Contracts]

1. In regard to the transfer of obligations of the transferor, if financial institutions do not agree with or approve such a transfer, or if the transferee is not able to do its business operations because the transferor cannot fulfill its duties, the transferee may terminate this agreement. ✓
2. The transferor shall give the transferee a full right to the Korean clinical trials for the product MyoCell which had been approved by the Korean FDA on September 29, 2006 and to the exclusive distribution right to the same product in the Korean market. The transferor agrees to prepare and submit all the documents required by the KFDA or the clinical trial centers (i.e., hospitals) in Korea.
3. Following to the clause 7.2 in this agreement, the transferor confirms that the company has made a Clinical Registry Supply Agreement and Distribution Agreement dated as of August 23, 2007 and December 20, 2007 respectively with Bioheart, Inc. Also, the transferor agrees to terminate both of the two agreements if asked by Bioheart, Inc. or by the transferee.

4. The transferor gives the transferee a full right for the operations of therapeutic artificial organ. Also the transferor shall make its best effort to change the holder's name for assets and intellectual properties in association with the business.

5. The transferor agrees to transfer all the licenses of KFDA (manufacturing license KFDA No. 1873 and product license KFDA No. 04-313) to the transferee associated with the therapeutic organs. Also the transferor agrees to prepare and submit all the necessary documents to the KFDA for the changes in the holders' name.

6. The transferor agrees to transfer all the right to the transferee in association with the Vermont Project (i.e., AnC Bio VT Facility to be built in Newport, VT, USA). Any associated or affiliated rights for the project shall also be transferred to the transferee and if necessary, the transferor agrees to change the agreements and/or documents accordingly.

Rights

8. [Governing Law]

Any and all disputes arising under or relating to the interpretation or application of this agreement shall be subject to arbitration of Seoul District Civil Court in Seoul, Korea. ✓

9. [Damage Compensation]

All the damages caused to a party in this agreement due to the other party's breach or delay in execution of duties shall be compensated immediately by the party that is responsible for such damages. ✓

10. [Miscellaneous]

For anything unclearly stated in this agreement, standard business regulations shall be applied.

This agreement consists of one original copy and any necessary number of counterparts. Both of the parties sign the copies and the transferee holds the original copy of this agreement. ✓

January 21, 2013

"Transferor" Address: 884-1 Eoyeon-ri, Cheongbuk-myon, Pyeongtaek, Gyeonggi

Company Name: AnC Bio, Inc.

CEO JongWeon Choi

"Transferee" Address: 119-2 Nonhyun-dong, Gangnam-gu, Seoul

Company Name: AnC Biopharm, Inc.

CEO WonGyu Jang

Exhibit B

John W. Kessler, General Counsel
State of Vermont Agency of Commerce and Community Development
One National Life Drive
Montpelier, VT 05620-0501

December 21, 2014

Via Email

Attorney Kessler,

Thank you for the time that you, Secretary Moulton and Brent Raymond spent with Mr. Stenger, Mr. Kelly, Attorney Gordon and Attorney Scribner last week regarding the review of the JPBRP LP Private Placement Memorandum (the "PPM") and the revisions to the same as proposed. I have been briefed on the issues discussed.

I understand that you have requested a letter from me attesting to any familial or business relationships with any entities that are, or may, be receiving funds from the LP.

I attest that I am not a relative of any person who is an owner or payee of, any company receiving funds from Jay Peak Biomedical Research Park, LP ("JPBRPLP"), other than those relationships fully disclosed in the PPM dated November 30, 2012 and as revised in December 2014. To reiterate what is set forth in the PPM:

1. I (together with my son Ary and Mr. Stenger) own AnC Bio Vt LLC, which is the project sponsor and the recipient of construction and fit out supervision fees paid by JPBRPLP as disclosed in the Use of Proceeds schedule of payments in the PPM.
2. AnC Bio Vt LLC will be a 100% owner of the entity proposed to be called, AnC Bio USA LLC, which is the entity that will enter into the joint venture agreement with JPBRPLP.
3. Together with JPBRPLP, AnC Bio USA LLC will own the joint venture operating company.
4. Additionally, Mr. Stenger and I own the general partner in JPBRPLP, AnC Bio GP Services LLC. ✓
5. I also own GSI of Dade County, Inc. which entered into a purchase and sale agreement for the sale of the land to JPBRPLP for the JPBRPLP project.

Thank you,

Ariel Quiros

Exhibit C



January 8, 2015

Bill Stenger
President & CEO

Patricia Moulton, Secretary
Agency of Commerce & Community Development
1 National Life Dr. #6
Montpelier, VERMONT 05620

Dear Pat,

Following our December 19th meeting I followed up with a letter dated December 23rd that is attached and further clarified several items requested at the December 19th meeting. Additionally, I would like to address in full certain questions so that the State EB-5 Regional Center has full knowledge of the AnC Bio Vermont and Q-Burke projects.

The areas I will address are as follows.

In brief:

1. Marketing Study Update and Synopsis of Market Demand Findings for AnC Bio Vermont products.
2. All AnC Bio Vermont principles and their relationships or lack thereof with AnC Bio Korea or AnC Bio Pharm Korea.
3. FDA Approval timeline for AnC Bio Vermont products and building and construction timeline of the AnC Bio Vermont facility.
4. Marketing and Distribution Rights – Who were the funds paid to, what rights were bought, who owned the rights and who owns them now? How was the \$10 million valued?
5. Current set of prior approved Jay Peak EB-5 projects financials. ✓

In detail:

1. Marketing Study Update and Synopsis:
The Frost & Sullivan third party sales and marketing study is in its final phasing. The detailed study will be completed and presented by the latter part of January 2015.

At my request I have asked for a synopsis of findings now to provide comfort that the market demand for AnC Bio Vermont's products and services are substantive enough to justify the sales operational goals put forth in the Business Plan of AnC Bio Vermont.

I believe the attached letter from the Frost & Sullivan team does this suitably. I look forward to the final complete report and this full report will be shared with ACCD immediately upon its receipt.

This full report is expected by end of January 2015 at the latest.

2. All AnC Bio Vermont principles and their relationships or lack thereof with AnC Bio Korea or AnC Bio Pharm Korea.

The principles of AnC Bio Vermont are Ariel Quiros, William (Bill) Stenger and Ary Quiros. None of these three persons who are the sole principals of AnC Bio Vermont have any financial or familial relationship with AnC Bio Korea or AnC Bio Pharm Korea. Please note the attached letters from the three principals, Ariel Quiros, William Stenger and Ary Quiros stating their individual status.

3. FDA approval timeline for products and building certification as well as facilities construction timelines.

Attached please note the FDA timeline and the building construction timelines.

The FDA timeline will be facilitated by FDA specialists Biologics Consulting Group of Alexandria, Virginia. Biologics is highly experienced in FDA approval protocol and is among the most respected firms in this field. Please note their engagement agreement.

The timeline for the building certification is based on the assumption that groundbreaking for the AnC Bio Vermont facility begins in late March 2015.

4. Marketing and Distribution Rights and Questions.

• **Who were funds paid to?**

\$10mm has been paid to AnC Bio Pharm (Korea) for the marketing and distribution rights of the TPLS Device, the C-Pak Device, the E-Liver Device, and the Cell Regenerative Therapies. This \$10mm funding was agreed to between the parties pursuant to a contract and a draft copy of the contract, including terms requiring this payment, was included in the Offering Memorandum. Further, the "Use of Proceeds" detailed on page 9 of Section 2, "The Business Plan", of the Offering Memorandum disclosing where every dollar of the investor's funds will be used clearly defines this \$10mm payment, broken down by product/device, for these Marketing and Distribution Rights.

check PMM

In the original Offering Memorandum, and in the draft copy of the contract included in the original Offering memorandum, the draft listed the party to be granting these rights to the Limited Partnership as AnC Bio Korea, Inc. The rights to these products/devices were transferred from AnC Bio Korea to AnC Bio Pharm during the time period that the Offering memorandum was first issued and the date of final contract execution.

The revised Offering Memorandum to be issued to all new investors and to all existing investors includes a copy of the executed and final contract between the parties, including the name of the party that has received the \$10mm of funding, AnC Bio Pharm.

• **What Rights were bought?**

The rights to market and distribute the products/devices defined in the Distribution Agreement within the defined Territory. These products are the TPLS Heart Lung Device, The C-Pak Portable Dialysis Device, the E-Liver Artificial Organ Device, and Cell Regenerative Therapies. Each of these devices/products are protected by patent(s) owned and or controlled by AnC Bio Pharm.

The Territory defined in the contract between the parties is North, Central and South America.

• **Who Owned the Rights and who owns them now?**

The rights to license the marketing and distribution of these products/devices was owned by AnC Bio Korea and is now owned by AnC Bio Pharm.

• **How was the \$10mm value determined?**

The original owner of these products/devices (AnC Bio Korea) had been conducting research and development of the same for years. The amount spent on research for one of the products alone (Cell Regenerative Therapies) by AnC Bio Korea and one other company (Bioheart Inc., a United States publicly traded company) exceeded \$150mm as of 2011.

A reasonable value for distribution rights was offered to the Limited Partnership and a draft copy of the contract, including the amount that the Limited Partnership would be required to pay, was included in the original Offering Memorandum. Full disclosure of the amount that the LP would pay for the marketing and distribution rights for these products/devices was disclosed to each investor prior to their subscribing to this investment.

5. Provide a current set of financial for past Jay Peak EB-5 projects.

Please note the attached set of financial documents provided by Heather Whipkey, our EB-5 Accounting Manager at Jay Peak that includes current financial on:

- Jay Peak Hotel Suites II L.P.
- Jay Peak Penthouse Suite L.P.
- Jay Peak Golf & Mountain Suites L.P.
- Jay Peak Lodge & Townhouses L.P.
- Jay Peak Hotel Suites Stateside L.P.

The balance sheets and statement of capital for Lodge & Townhouses L.P. and Stateside L.P. are being completed currently and will be available by the end of January when the regular

monthly statements of the L.P.'s are fully completed. As a matter of policy each quarterly report created by Jay Peak for its partnership investors is provided to ACCD.

I hope the above information and attachments are helpful to you at ACCD. We are at a critical point in the AnC Bio Vermont project with many investors eager to participate and eager to receive updated documents so they can file their I-526 applications.

The Q-Burke PPM summary was submitted to ACCD on December 18th and had very modest changes. The principal updates were in regards to expiration dates of the original PPM and construction timelines. These items are outlined in the December 18th submission.

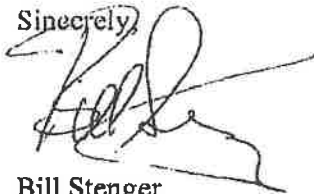
As a side note, 39 AnC Bio I-526 applications out of 124 have been approved by USCIS and 28 Q-Burke I-526 applications out of 45 have been approved. We have dozens of investors waiting for the new PPM to be available for each project so they can complete their subsequent evaluation.

I have also attached my December 23rd letter to you with its supporting documents so that you have the benefit of all relevant documents together.

Pat, these two projects represent a significant new capital investment in Newport and East Burke, Vermont. Each community is very excited about the investment they represent as well as the job creation that will result from the facilities creation. They are indeed game changers for the economics of Newport and East Burke and will improve each community immeasurably. I feel the scope and detail of each project's PPM update gives the investor a significant amount of data to help them evaluate the projects and I hope ACCD agrees.

I hope we can get re-engaged with PPM creation and distribution and the promotion of these projects as soon as possible.

Sincerely,



Bill Stenger
President & CEO

Exhibit D

January 21st, 2015

To Whom It May Concern:

As a principle partner in AnC Bio Vermont, LLC I wish to state that I, nor my wife or daughter, have any financial position or ownership of any kind in AnC Bio Korea or Anc Bio Phaim now or ever in the past.

Sincerely,

Ariel Quiros

A handwritten signature in black ink, appearing to read 'Ariel Quiros', written over a large, faint, circular watermark or stamp.

Exhibit E

Limited Power of Attorney

RAYMOND JAMES®

New Accounts
Service Center
Scan or Fax 866-406-4235

01437 Form #	15811174 Account #
33E Branch #	24J4 FA #
	6420 Speed Dial #

Complete Account Title Jay Construction Management	Attorney-In-Fact Name Ariel Quiros
to Client(s) Business Partners	

Client hereby authorizes above named person to act as Attorney-In-Fact and perform the following instructions for Client's Raymond

- _____ Execute or revise any New Account Agreement with Raymond James;
- _____ Execute or enter into any Agreements with third party investment advisers or money managers;
- _____ Buy and sell securities including any transactions which may create a margin debit in my Account;
- _____ Execute letters of authorization to transfer cash or securities including IRA distributions (*applicable distribution forms must be presented or on file*) from my Account to any party, excluding above named Attorney-In-Fact;
- _____ Make deposits into my Account;
- _____ Transact business online via Raymond James Investor Access. This Investor Access authorization allows:
 - Access to Funds Transfer that includes the ability to use established profiles to transfer funds in and out of Raymond James. This may include distributions from IRA accounts;
 - Access to establish online trading (*if requested by advisors and approved by branch managers*);
 - Access to manage Document Delivery preferences including electronic delivery of statements, trade confirmations, shareholder communications, regulatory, and other client communications.

R

Client Acknowledgments and Signatures

Raymond James is authorized to follow the instructions of my Attorney-In-Fact in every respect concerning my Account as set forth above. My Attorney-In-Fact is authorized to act for me on my behalf in the same manner and with the same force and effect as I might or could do with respect to my Raymond James Investment Account. I hereby agree to indemnify and hold Raymond James harmless from any and all actions, legal proceedings or arbitration brought against Raymond James as a result of the actions of my Attorney-In-Fact or my breach of this Limited Power of Attorney. I also agree to indemnify and hold Raymond James harmless from any and all trading or investment losses and tax consequences resulting from the actions of my Attorney-In-Fact. Moreover, I will pay Raymond James promptly on demand any debit balance due to Raymond James as a result of the actions of my Attorney-In-Fact. Notwithstanding anything to the contrary in this Limited Power of Attorney the indemnities in this Limited Power of Attorney shall survive the termination of this Limited Power of Attorney.

By signing below, I hereby ratify and confirm any and all transactions with Raymond James heretofore or hereafter made by my Attorney-In-Fact relating to my Account. Any transactions on the part of my Attorney-In-Fact shall be binding on me, my heirs, successors and assigns. This authorization and indemnity is in addition to any rights which Raymond James may have under any other agreement or agreements between me and Raymond James. I furthermore agree there are no other documents that would conflict with this Limited Power of Attorney and that I have confirmed this Limited Power of Attorney is valid according to all applicable state rules, laws or regulations.

This authorization and indemnity is a continuing one and shall remain in full force and effect until revoked by me by written notice addressed to Raymond James and delivered to your office at 880 Canillon Parkway, Attn: New Accounts, St. Petersburg, Florida 33716. Such revocation shall enure to the benefit of your firm and of any successor firm or any assigns of your present or any successor firm. This authorization shall cease upon my death.

For purposes of this Limited Power of Attorney the term "Raymond James" shall mean and include Raymond James & Associates, Inc., Raymond James Financial Services, Inc., and their respective affiliates.

15811174

Account #

Raymond James prohibits your Financial Advisor from having Limited Power of Attorney over your Accounts. All Signatures requested below are required.

	12/13/12	Client Signature (if applicable)	Date
	12/13/12	Witness 1 Signature (if applicable)	Date
Lucia Katia Perez <small>(print)</small>		Witness 1 Name (please print)	
	12/13/12	Witness 2 Signature (if applicable)	Date
Pablo Heredia <small>(print)</small>		Witness 2 Name (please print)	

Sworn to and subscribed before me this

13 day of December, 2012

by Jong Woon Choi

who is personally known to me or who has produced

_____ as identification.

Sworn to and subscribed before me this

_____ day of _____, 20____

by _____

who is personally known to me or who has produced

_____ as identification.



Notary Public State of Florida
Joel N Burstein Jr
My Commission DD844348
Expires 8/1/2013

Notary Public Signature and Seal

State: _____ County of: _____

State: _____ County of: _____

Commission Expiration Date: _____

Commission Expiration Date: _____

Financial Advisor Signature	Date
-----------------------------	------

Attorney-in-Fact Acknowledgment and Signature

By signing below, I acknowledge that I have received, read, understand, and agree to abide by the terms and conditions set forth in the Client Agreement incorporated herein by this reference.

	12/13/12
--	----------



SEP. 14. 2011 2:18PM

RAYMOND JAMES

NO. 766

P. 2

15811174

Jay Construction Management Inc

111 NE 1st Street, Floor 4

Miami, Fl. 33132

September 14, 2011

Re: 15811174

I am hereby delegating that Mr. Ariel Quiros may act as a third party on behalf of my company Jay Construction Management, Inc. I authorize him to sign documents, transfer and wire monies on my behalf. Please process this document and request.

Sincerely,



Mr. Jong Weon Choi, President

01121

per S. Witkop

Peak-VT-RJA002351

0277434
0277434

Exhibit F



CFN 2012R0357085
 OR Bk 28117 Pgs 2287 - 2288 (2pgs)
 RECORDED 05/18/2012 15:00:07
 DEED DOC TAX 5,938.80
 SURTAX 4,454.10
 HARVEY RUVIN, CLERK OF COURT
 MIAMI-DADE COUNTY, FLORIDA

Please record & return to:
 CAROL P. KEYS, ATTORNEY AT LAW
 KEYS TITLE COMPANY
 12700 Biscayne Boulevard, Suite 401
 North Miami, FL 33181

This Instrument Prepared By and Return to

Brian R. Hersh, Esq.
 28 West Flagler - Suite 1016
 Miami, Florida 33129

Tax Folio No. 01-0110-072-0040

WARRANTY DEED (STATUTORY FORM - SECTION 689.02, F. S.)

THIS INDENTURE, made this 27th day of March, 2012, between JONG WEON CHOI, whose Post Office address is 1111 E 13 Street 4th FL Miami, FL 33149 (hereinafter "Grantor"), and ARIEL QUIROS AND ORCHA QUIROS, HUSBAND AND WIFE, whose Post Office address is 19 Grand Bay Estates Circle, Key Biscayne, FL 33149, (hereinafter "Grantee").

(Whoever uses herein the terms "Grantor" and "Grantee" shall include singular and plural, heirs, legal representatives, and assigns of individuals, and the successors and assigns of corporations, wherever the context so admits or requires).

WITNESSETH that said Grantor, for and in consideration of the sum of Ten (\$10.00) Dollars, and other good and valuable considerations paid to Grantor by Grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to Grantee, and Grantee's heirs and assigns forever, the following described land, situate, lying and being in Miami-Dade County, Florida, to-wit:

Unit No. Four of FEDERAL CONDOMINIUM, according to the Declaration of Condominium thereof, recorded in Official Records Book 16914, Page 1282, of the Public Records of Miami-Dade County, Florida.

SUBJECT TO:

Subject to taxes for 2012 and subsequent years; covenants, conditions, restrictions, easements, reservations and limitations of record, if any.

Further subject to the above described Declaration of Condominium.

Grantor warrants that at the time of this conveyance, the subject property is not the Grantor's homestead within the meaning set forth in the constitution of the state of Florida, nor is it contiguous to or a part of homestead property.

This Deed has been prepared without examination of title.

and Grantor hereby covenants with Grantee that the Grantor is lawfully authorized to sell and convey said land; that the Grantor hereby fully warrants the title to said land and will defend the same against the lawful claims of all persons whomsoever.

2

IN WITNESS WHEREOF, Grantor has hereunto set his her hand and seal this 27 day of March, 2012.

Signed, sealed and delivered in our presence:

[Signature]
(Signature of first witness)

[Signature]
JONG WEON CHOI

Alex H. Pines
(Printed name of first witness)

[Signature]
(Signature of second witness)

Aiken Rivero
(Printed name of second witness)

STATE OF FLORIDA
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 27th day of March, 2012, by JON WEON CHOI, who is personally known to me or who has produced a _____ drivers license or who has produced _____ as identification.

[Signature]
Notary Public, State of Florida at Large
My Commission Expires:



LUCIA KATIA PEREZ
NOTARY PUBLIC
STATE OF FLORIDA
Comm# EE110880
Expires 8/7/2015



CFN 2012R0357086
OR Bk 28117 Pa 22891 (10g)
RECORDED 05/18/2012 15:00:07
HARVEY RUVIN, CLERK OF COURT
MIAMI-DADE COUNTY, FLORIDA
LAST PAGE

This Instrument Prepared By and Return to

Carol F. Keys, Esquire
12700 Biscayne Blvd, Suite 203
North Miami, Florida 33181
(305) 891-1600

SATISFACTION OF MORTGAGE

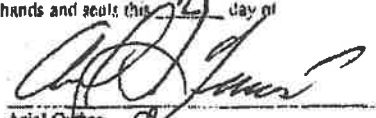
Know All Men By These Presents: That Ariel Quiros and Okcha Quiros, husband and wife, the owner and holder of a certain mortgage deed executed by Jong Weon Choi, a married man, bearing date the 29th day of March, 2007 and filed of record April 2, 2007, in Official Records Book 25497, at Page 2232, in the office of the Clerk of the Circuit Court of Miami-Dade County, State of Florida, securing certain note in the principal sum of One Million One Hundred Twenty Nine Thousand & 00/100 (\$1,129,000.00) Dollars and certain promises and obligations set forth in said mortgage deed, upon the property situate in said State and County described as follows, to-wit:

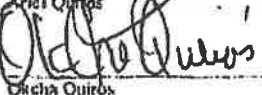
Unit No. Four of **FEDERAL CONDOMINIUM**, according to the Declaration of Condominium thereof, recorded in Official Records Book 16914, Page 1282, of the Public Records of Miami-Dade County, Florida.

hereby acknowledge full payment and satisfaction of said note and mortgage deed, and surrender the same as cancelled, and hereby direct the Clerk of the said Circuit Court to cancel the same of record.

IN WITNESS WHEREOF, Girntom have hereunto set their hands and seals this 27th day of March, 2012.

Signed, sealed and delivered in our presence:





Ariel Quiros


Okcha Quiros

**STATE OF FLORIDA
COUNTY OF MIAMI DADE**

The foregoing instrument was acknowledged before me this 27th day of March, 2012, by Ariel Quiros and Okcha Quiros, who are personally known or who have produced a _____ as identification

 **LUCIA KATIA PEREZ
NOTARY PUBLIC
STATE OF FLORIDA
Comm# EE118880
Expires 8/7/2015**



Notary Public, State of Florida at Large
My Commission Expires: 8/7/2015

1 100000 0000 0000-0000 0000 0000 0000 0000

CFN 2013R0082164
OR Bk 28468 Pgs 2246 - 22471 (2pgs)
RECORDED 01/31/2013 10:54:25
DEED DOC TAX 2,380.00
HARVEY RUVIN, CLERK OF COURT
MIAMI-DADE COUNTY, FLORIDA

Prepared by:
Brian R. Hersh, Esquire
1541 Brickell Avenue, Ste. C-1407
Miami, Florida 33129
Tel. No. 305-371-6294

Upon Recording, return to:
Brian R. Hersh, Esquire
1541 Brickell Avenue, Ste. C-1407
Miami, Florida 33129

Property Appraiser's Parcel I.D. No: 01-42060563350

WARRANTY DEED

THIS INDENTURE, made this 29 day of July, 2012, between Jong Weon Choi, a single man, whose post office address is: 540 Brickell Key Drive, Unit 1523, Miami, Florida 33131, of the County of Miami Dade, in the State of Florida, party of the first part, and Okcha Quiros, a married woman, whose post office address is 111 N.E. 1st Street, 4th Floor, Miami, Florida 33132, of the County of Miami Dade, in the State of Florida, party of the second part.

WITNESSETH:

That the said party of the first part, for and in consideration of the sum of TEN (\$10.00) DOLLARS, to her and him in hand paid by the said party of the second part, the receipt of which is hereby acknowledged, has granted, bargained and sold to the said party of the second part, her and his heirs and assigns forever, the following described land, situate and being in the County of Miami-Dade, State of Florida, to-wit:

Condominium Unit No. 1523, BRICKELL KEY II CONDOMINIUM, according to the Declaration of Condominium thereof, filed for record on May 13, 1994, under Clerk's file No. 94R-234853, and recorded in Official Records Book 16363, Page 778 of the Public Records of Miami-Dade County, Florida.

and the said party of the first part does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons whomsoever. Subject to taxes for the year of this deed and covenants, conditions, restrictions and easements of record.

The singular number as used herein shall equally include the plural. The masculine gender as used herein shall equally include the feminine and/or neuter.

SUBJECT TO:

1. Taxes for 2012 and subsequent years.
2. Conditions, reservations, restrictions, limitations, and easements of record, if any, including the rules and regulations of any condominium association.

By signing below, the Grantor Jong Weon Choi, represents that this is not his homestead nor does he live on these premises as in fact he resides in the Country of Korea and this is a vacation residence.

IN WITNESS WHEREOF, the party of the first part has affixed his hand and seal the day and year first above written.

Signed, sealed, and delivered in the presence of:

Witnesses:

Signature of Witness

Min ho song

Print Name

Signature of Witness

Print Name

STATE OF FLORIDA
~~REPUBLIC OF KOREA~~
County of MIAMI DADE } ss:
~~SEoul~~

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, appeared Jong Weon Choi, a single man () who is personally known or () who produced _____ as identification, who did take an oath, and who executed the foregoing WARRANTY DEED and acknowledged before me that he executed the same freely and voluntarily for the uses and purposes therein expressed and with full authority to do so.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 18 day of July, 2012.

NOTARY PUBLIC, STATE OF FLORIDA

Lucia Katia Perez

Print or type name Notary Public

My Commission Expires:



LUCIA KATIA PEREZ
NOTARY PUBLIC
STATE OF FLORIDA
Comm# EE119580
Expires 8/7/2015

F:\DOC\3800\3894-Quiros\WARRANTY DEED.wpd

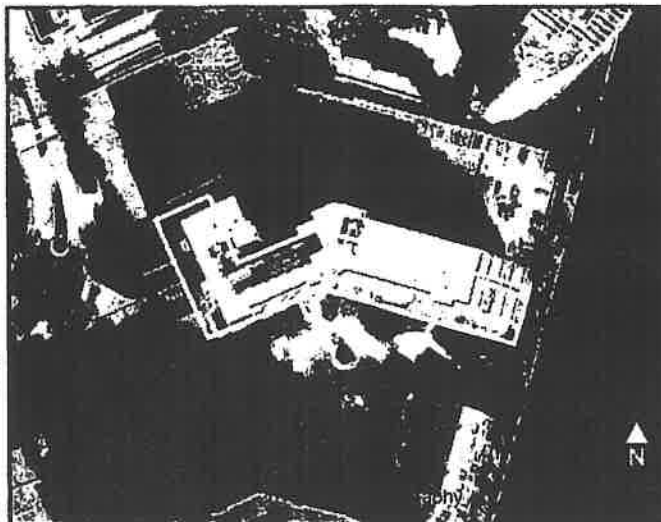


OFFICE OF THE PROPERTY APPRAISER

Detailed Report

Generated On : 7/29/2015

Property Information	
Folio:	01-4206-056-3350
Property Address:	540 BRICKELL KEY DR 1523
Owner	OKCHA QUIROS
Mailing Address	111 NE 1 STREET 4 FLOOR MIAMI , FL 33132
Primary Zone	6405 CEN HIGH DNSTY BORDERS CB
Primary Land Use	0407 RESIDENTIAL - TOTAL VALUE : CONDOMINIUM - RESIDENTIAL
Beds / Baths / Half	3 / 2 / 0
Floors	0
Living Units	1
Actual Area	Sq.Ft
Living Area	1,550 Sq.Ft
Adjusted Area	1,550 Sq.Ft
Lot Size	0 Sq.Ft
Year Built	1991



Assessment Information			
Year	2015	2014	2013
Land Value	\$0	\$0	\$0
Building Value	\$0	\$0	\$0
XF Value	\$0	\$0	\$0
Market Value	\$827,960	\$551,420	\$459,520
Assessed Value	\$556,019	\$505,472	\$459,520

Benefits Information				
Benefit	Type	2015	2014	2013
Non-Homestead Cap	Assessment Reduction	\$271,941	\$45,948	

Note: Not all benefits are applicable to all Taxable Values (i.e. County, School Board, City, Regional).

Taxable Value Information			
	2015	2014	2013
County			
Exemption Value	\$0	\$0	\$0
Taxable Value	\$556,019	\$505,472	\$459,520
School Board			
Exemption Value	\$0	\$0	\$0
Taxable Value	\$827,960	\$551,420	\$459,520
City			
Exemption Value	\$0	\$0	\$0
Taxable Value	\$556,019	\$505,472	\$459,520
Regional			
Exemption Value	\$0	\$0	\$0
Taxable Value	\$556,019	\$505,472	\$459,520

The Office of the Property Appraiser is continually editing and updating the tax roll. This website may not reflect the most current information on record. The Property Appraiser and Miami-Dade County assumes no liability, see full disclaimer and User Agreement at <http://www.miamidade.gov/info/disclaimer.asp>

Version:

0277441
0277441



OFFICE OF THE PROPERTY APPRAISER

Generated On : 7/29/2015

Property Information

Folio: 01-4206-056-3350

Property Address: 540 BRICKELL KEY DR 1523

Roll Year 2015 Land, Building and Extra-Feature Details

Land Information					
Land Use	Muni Zone	PA Zone	Unit Type	Units	Calc Value

Building Information						
Building Number	Sub Area	Year Built	Actual Sq.Ft.	Living Sq.Ft.	Adj Sq.Ft.	Calc Value

Extra Features			
Description	Year Built	Units	Calc Value

The Office of the Property Appraiser is continually editing and updating the tax roll. This website may not reflect the most current information on record. The Property Appraiser and Miami-Dade County assumes no liability, see full disclaimer and User Agreement at <http://www.miamidade.gov/info/disclaimer.asp>

Version:



OFFICE OF THE PROPERTY APPRAISER

Generated On : 7/29/2015

Property Information

Folio: 01-4206-058-3350

Property Address: 540 BRICKELL KEY DR 1523

Roll Year 2013 Land, Building and Extra-Feature Details

Land Information					
Land Use	Muni Zone	PA Zone	Unit Type	Units	Calc Value

Building Information						
Building Number	Sub Area	Year Built	Actual Sq.Ft.	Living Sq.Ft.	Adj Sq.Ft.	Calc Value

Extra Features			
Description	Year Built	Units	Calc Value

The Office of the Property Appraiser is continually editing and updating the tax roll. This website may not reflect the most current information on record. The Property Appraiser and Miami-Dade County assumes no liability, see full disclaimer and User Agreement at <http://www.miamidade.gov/info/disclaimer.asp>

Version:

0277443
0277443



OFFICE OF THE PROPERTY APPRAISER

Generated On : 7/29/2015

Property Information

Folio: 01-4206-056-3350

Property Address: 540 BRICKELL KEY DR 1523

Full Legal Description
BRICKELL KEY II CONDO
UNIT 1523
UNDIV 0.45814%
INT IN COMMON ELEMENTS
OFF REC 18383-0778
OR 20992-4871 0103 1

Sales Information			
Previous Sale	Price	OR Book-Page	Qualification Description
07/18/2012	\$430,000	28468-2248	Qual by exam of deed
01/01/2003	\$600,000	20992-4871	2008 and prior year sales; Qual by exam of deed
07/01/1995	\$300,000	16858-0038	2008 and prior year sales; Qual by exam of deed

The Office of the Property Appraiser is continually editing and updating the tax roll. This website may not reflect the most current information on record. The Property Appraiser and Miami-Dade County assumes no liability, see full disclaimer and User Agreement at <http://www.miamidade.gov/info/disclaimer.asp>

Version:

0277444
0277444

Exhibit G

THE CALEDONIAN RECORD

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September 18, 2015

1/23/2010 10:00:00 AM

Stenger: Biotech Plant To Locate In Newport City

Robin Smith
 Staff Writer

NEWPORT CITY - A \$50 million bio-tech research and manufacturing plant with 200 new jobs will be located in Newport City, developer Bill Stenger announced Friday.

AnC Bio VT has signed a purchase agreement for the mostly vacant Bogner property and facility, Stenger said.

The purchase agreement has been sealed with a deposit, Stenger said. He could not speak about the agreed-upon purchase price until the deal is closed.

"I wanted to see this in Newport City," said Stenger, a Newport City resident. "It's good for the city. The city of Newport is eager to work with us."

The bio-tech plant is the result of a partnership between South Korean company AnC Bio and Stenger, president and co-owner of Jay Peak Resort, and his partners.

The facility will manufacture portable dialysis and cell therapy machines, vaccines and other bio-medical supplies, as well as conduct cutting-edge research and development. Jobs would range from high-end research positions to clean-room manufacturing and support.

Stenger called the Bogner site, with an estimated 25 acres, a great location for the AnC Bio VT facility. The Bogner company maintains office space at the existing plant as does Northeast Kingdom Mental Health. Bogner formerly manufactured ski apparel there.

Stenger and his partners plan to build a new research building on the property. He said they would work with Bogner and NEK Mental Health about their space there.

Stenger is raising investment for the plant through a federal program called EB-5, where foreign investors can invest in job creation here in exchange for green cards for themselves and their families.

The EB-5 program has funded the \$100 million development under way at Jay Peak Resort, where a hotel is nearly complete and an arena and golf club house/Nordic center are under construction. An expanded hotel conference center with indoor water park is next on the list at Jay Peak.

Stenger is still seeking investors in Asia, taking advantage of the connection with South Korea. He and Gov. James Douglas traveled to Seoul in October to seal the deal to bring AnC Bio VT to northern Vermont.

"I have great confidence that the process will be complete this summer," Stenger said.

He plans to begin the permit process once investments are in hand, and have the building constructed next year.

"This is a great asset for the city of Newport," Mayor Paul Monette said Friday.

"These 200 jobs are desperately needed. It's a win-win for all of northern Orleans County."

"This is going to have a dramatic impact on downtown Newport City," said Patricia Sears, Newport City Renaissance Corp. executive director.

Monette said that AnC Bio VT's investment, plus a

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Begin

REALTY ASSOCIATES



potential assisted living complex at the former Sacred Heart School site, could make a big difference for the city.

"This is the beginning of the revitalization of Newport," Monette said.

It ties in with what the city and many volunteers have been working on for a year since the American Institute of Architects sent a team to help create a vision for Newport City.

One of the goals was to develop a high-tech center that would attract other businesses, he said.

The bio-tech plant "not only serves the folks that will work here and live here," Sears said. "We are just finishing our strategic plan. It fits perfectly."

And such a facility will significantly increase the city's tax base, an important fact in a city where 22 percent of the property is not taxable.

AnC Bio VT is possible because Congress, at the urging of Sen. Patrick Leahy, D-Vt., Douglas and the Vermont Legislature, extended the EB-5 program for another three years.

Stenger testified about his hopes for such a bio-tech plant in the fall. Stenger has invested a lot of personal time learning how to use the EB-5 program to attract investors to Jay Peak.

Now he is tapping into the Asian market for other investors.

The South Korean connection to the Northeast Kingdom is a family affair.

Alex Choi, CEO of the South Korean parent plant AnC Bio, has been to Jay Peak Resort several times.

Choi's sister is married to Stenger's business partner at Jay Peak, Arj Quiros of Jay and Florida.

Reader Comments

Posted: Sunday, January 24, 2010
Article comment by: **lisa hilliker**

this is a wonderful thing!

Article Comment Submission Form

Please feel free to submit your comments.

Article comments are not posted immediately to the Web site. Each submission must be approved by the Web site editor, who may edit content for appropriateness. There may be a delay of 24-48 hours for any submission while the web site editor reviews and approves it.

Note: All information on this form is required. Your telephone number is for our use only, and will not be attached to your comment.

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PARKWAY REALTY ASSOCIATES

ST. JOHNSBURG AND LYNDONVILLE, VERMONT

Exhibit H

Pieciak, Michael

From: Raymond, Brent
Sent: Wednesday, June 10, 2015 8:09 AM
To: Pieciak, Michael; Smith, Christopher; Moulton, Pat; Kessler, John
Subject: AnC Bio Visit

Michael and Christopher,

While here in Seoul, I wanted to check out AnC Bio's office space so went to the address as listed on their website: [Http://www.ancbio.com](http://www.ancbio.com). The driver brought me to the building address but there was no AnC office listed. We double checked with people at the building and nobody knew of AnC.

My driver called the phone # listed on the above website, and asked whether AnC Bio's office was located at the address. The woman transferred the driver to another individual who asked if we had an appointment, and who we were. My driver gave the person my name, explained who I was and that I was in the immediate area so thought I'd stop by to check out their new space.

The person said he'd call her back in 5 minutes. In the meantime I located a sign at the retail and office building located next door that indicated AnC had at some point been located on the 10th floor (but of the building next door to the one listed on the above AnC website).

About 10 or 15 minutes later a Shawn or Sean Choi called my driver's mobile back and asked to speak with me.

He told me AnC Bio no longer had any offices at that address. They were now located 1 1/2 hours outside of Seoul and I was welcome to visit. I explained my schedule was busy, but I could be there at 7:30 p.m. Mr Choi said he wouldn't be able to do that. They close at 4:30.

Has DFR been notified that AnC is no longer located in the building that was auctioned off and when that occurred?

Regards,
Brent

Brent Raymond, Executive Director
International Trade & Foreign Investment
Vermont dEB-5 Regional Center
Vermont Global Trade Partnership
1 National Life Dr. | Deane C. Davis Bldg, 6th fl.
Montpelier, VT. 05620-0501
Mobile: 802-522-2540

eb5.vermont.gov

export.vermont.gov

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Sent from my iPhone

**State of Vermont
Department of Financial Regulation
Confidential Material**

Project Overview prepared by the Securities Division of the Department of
Financial Regulation (the "Department") for the Department's General
Counsel's Office

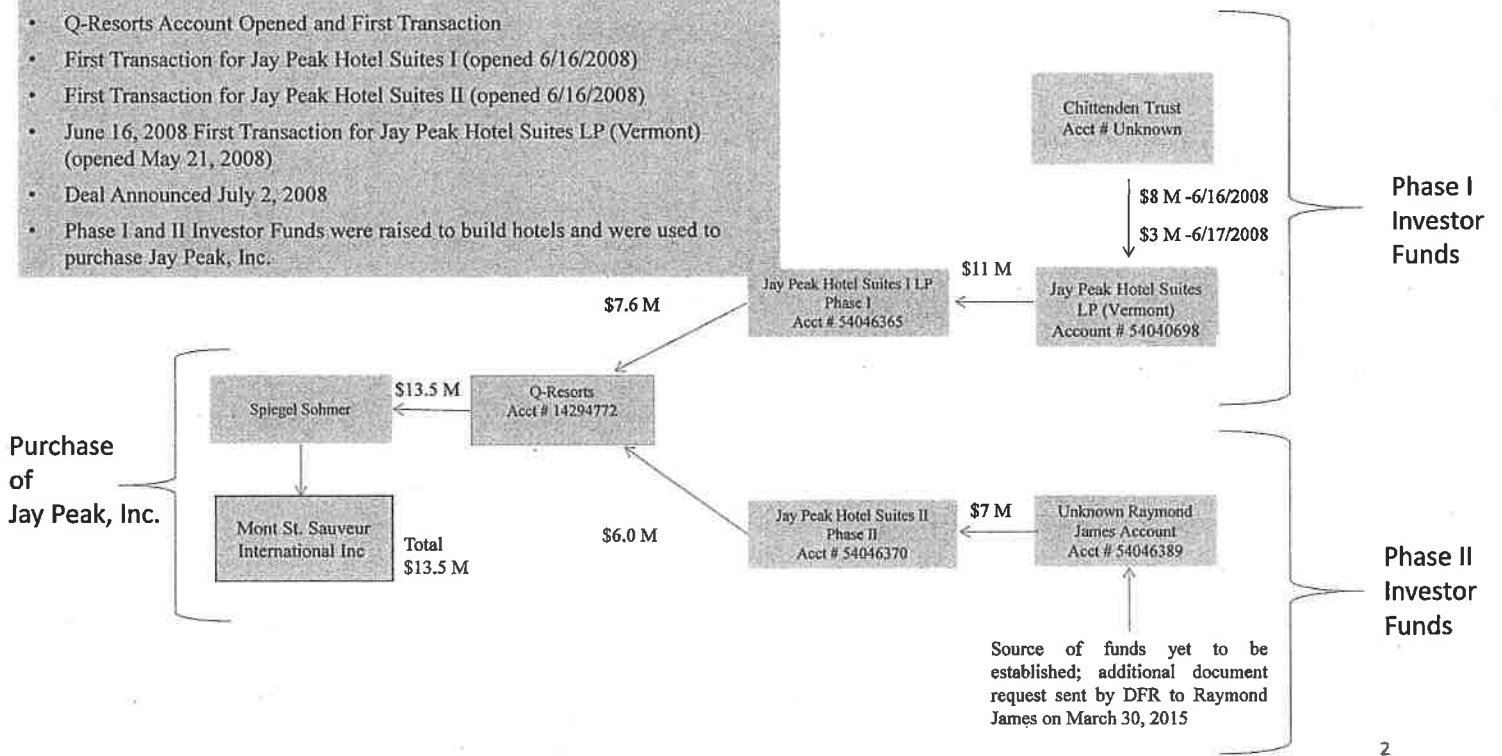
**Subject to: (i) Executive Privilege; (ii) Deliberative Process Privilege;
(iii) Attorney-Client Privilege; and (iv) Attorney-Work Product**

Vermont Department of Financial Regulation

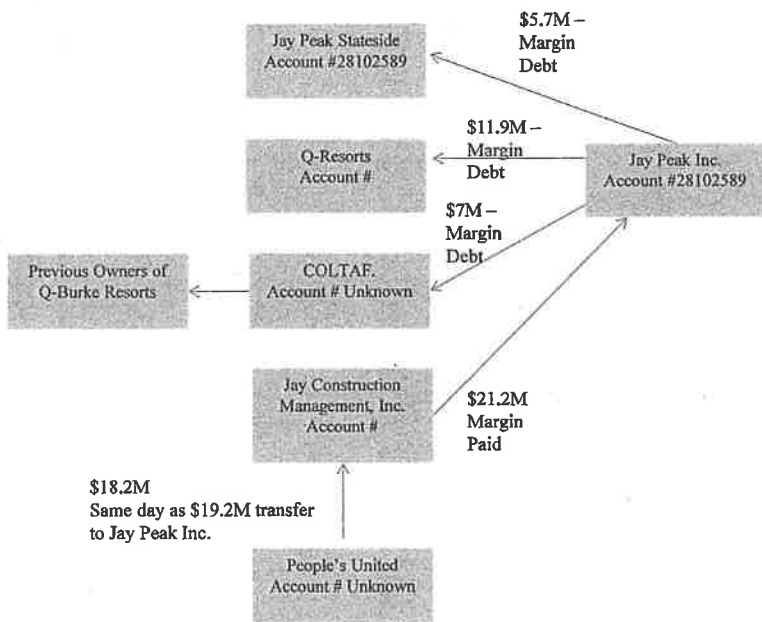


June 23, 2008 - Inter-Company Raymond James Activity

- Q-Resorts Account Opened and First Transaction
- First Transaction for Jay Peak Hotel Suites I (opened 6/16/2008)
- First Transaction for Jay Peak Hotel Suites II (opened 6/16/2008)
- June 16, 2008 First Transaction for Jay Peak Hotel Suites LP (Vermont) (opened May 21, 2008)
- Deal Announced July 2, 2008
- Phase I and II Investor Funds were raised to build hotels and were used to purchase Jay Peak, Inc.

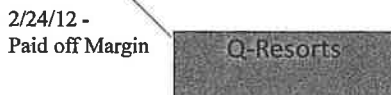
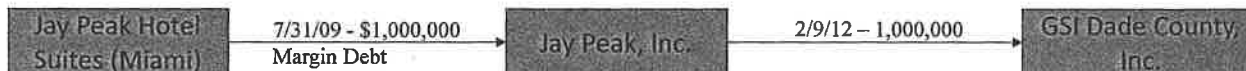
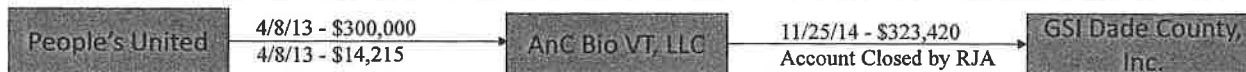
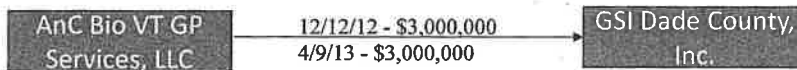


Co-Mingling of Funds 2009 until Account Closing

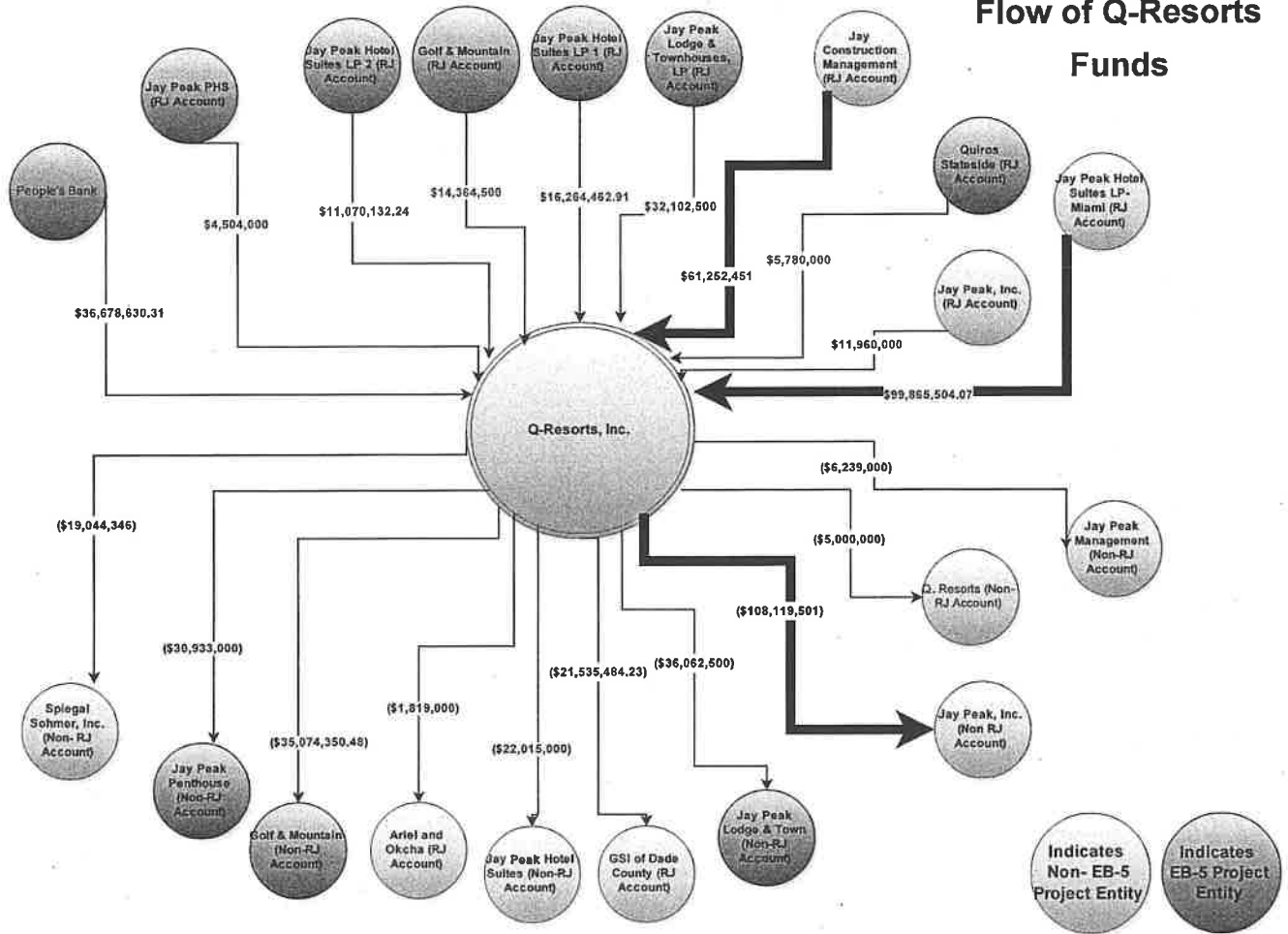


Account # 28102589 - Opened Feb 28, 2012			
Date	In	Out	Margin Balance
2/29/2012		\$5.7M	(\$5.7M)
4/3/2012		\$3.9M	(\$9.6M)
4/3/2012		\$8M	(\$17.6M)
4/26/20012	\$3.9M		(\$13.7M)
5/31/2012		\$7M	(\$20.7M)
2012 Margin Interest Pay \$269K			
11/15/2013	\$500K		(\$20.4M)
12/16/2013	\$500K		(\$19.9M)
2013 Margin Interest Pay \$373K			
1/15/2014	\$500K		(\$19.8M)
2/18/2014	\$500K		(\$19.2M)
3/5/2014	\$19.2M		\$0

GSI of Dade County Transactions



Flow of Q-Resorts Funds



**Financial Overview of Q Burke Mountain Resort
and Conference Center L.P. (“Q Burke”)**

People’s United Bank

- *Q Burke escrow numbered 75-C009-97-6 – Opened August 2013 to Present*
 - Escrow account where an investor’s \$500,000 investment is deposited; the link includes an investor summary spreadsheet showing the investor’s name, deposit date, escrow release date and the account it was sent to; also includes the statements from August 2013 to December 2015

- *Q Burkes admin fee escrow numbered 72-C245-80-9 – Opened August 2013 to Present*
 - Administrative fee escrow where an investor’s \$50,000 administrative fee is deposited; the link includes records from August 2013 to October 2015

- *Q Burke Operating account numbered 6500346886 – Opened August 2013 to Present*
 - Operating account where almost all Q Burke money funneled down to; expenses largely paid out of this account – link includes all statements from August 2013 to September 2015 as well as an excel spreadsheet with the transactions

Raymond James

- *Q Burke Brokerage account number 28847674 – Opened August 2013 to December 2014*
 - Brokerage account where funds from escrow were transferred until approximately November 2014. Link includes all account statements and an excel spreadsheet contains an overview flow of funds visual for aggregate funds moving in and out of this account.

Merrill Lynch

- *Q Burke account numbered 87-D3530– Opened January 2015 to Present*
 - Account that begin receiving escrow transfers in January 2015 until the State of Vermont began oversight on the escrow account in July 2015. After that date escrow funds moved directly to the People’s United operating account to pay general contractor. Link includes account statements from January 2015 to October 30, 2015 and an excel spreadsheet contains an overview flow of funds visual for aggregate funds moving in and out of this account.

Citibank

- *Q Burke account numbered 9138995929 – Opened March 2015 to Present*
 - Account received approx. \$5.1 million from Merrill Lynch and sent most of those funds to the People’s United operating account. The link includes account statements from March 2015 to January 2016 and an excel spreadsheet contains an overview flow of funds visual for aggregate funds moving in and out of this account.

**State of Vermont
Department of Financial Regulation
Confidential Material**

Project Overview prepared by the Securities Division of the Department of
Financial Regulation (the “Department”) for the Department’s General
Counsel’s Office

**Subject to: (i) Executive Privilege; (ii) Attorney-Client Privilege; and
(iii) Attorney-Work Product**

Vermont Department of Financial Regulation



Background on the source of information

The information contained herein is derived from analyzing:

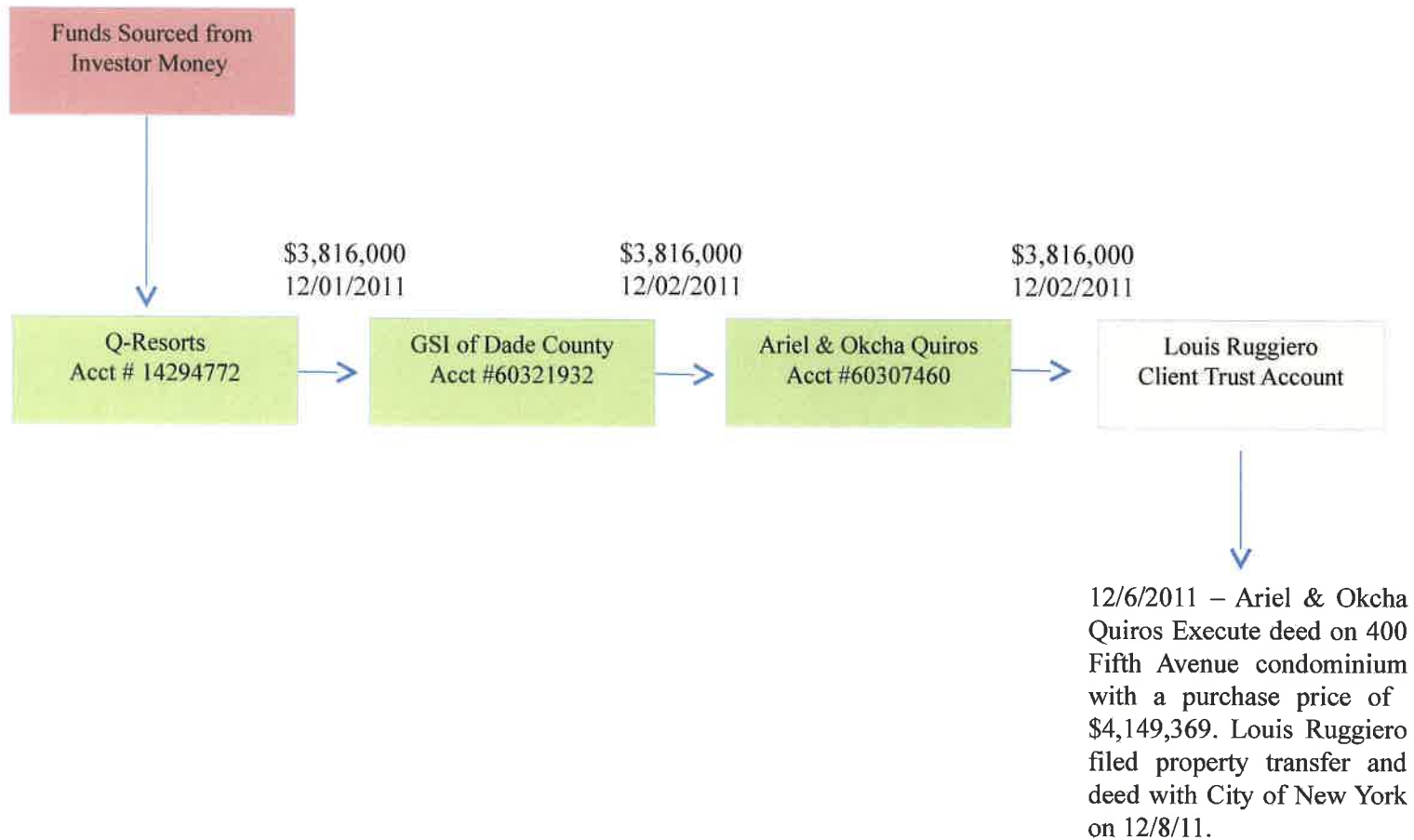
- eight years of financial records for 43 entities
- 54 accounts at Chittenden / People's United Bank
- 23 accounts at Raymond James and Associates
- 8 accounts at JP Morgan
- 13 accounts at Merrill Lynch
- 13 accounts at Citibank
- 19 other miscellaneous accounts at 9 other financial institutions
- approximately 86,132 pages of financial records in total
- over 1,500 emails and other written correspondence between key EB-5 principles and various financial institutions
- contracts and invoices for the four largest contractors and reconciling them with payments received from Jay Peak EB-5 Entities

Jay Peak EB-5 Overview

- 1) Personal Enrichment of Ariel Quiros and Family
- 2) Purchase of the Jay Peak Resort
- 3) Backfilling: Paying Old Project Expenses with New Investor Money
- 4) Purchase of the Burke Mountain Resort
- 5) Purchase of the AnC Bio Project Site
- 6) Resulting Financing Gap

Personal Enrichment of Ariel Quiros & Family

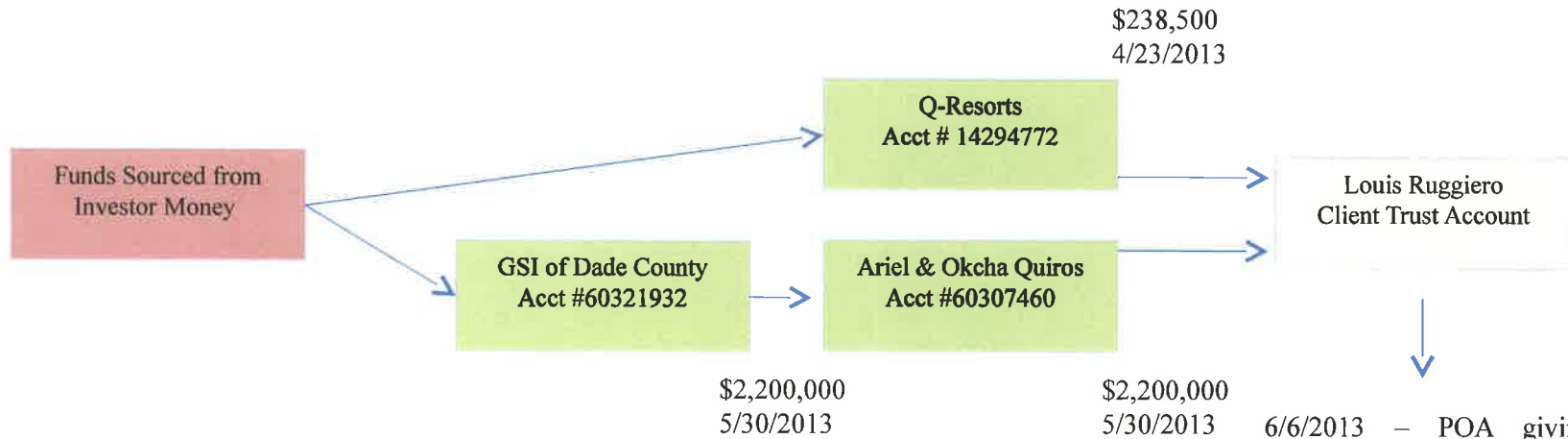
Purchase of 400 Fifth Avenue Condominium



Purchase of 400 Fifth Avenue Condominium



Purchase of 220 Riverside Boulevard Condominium



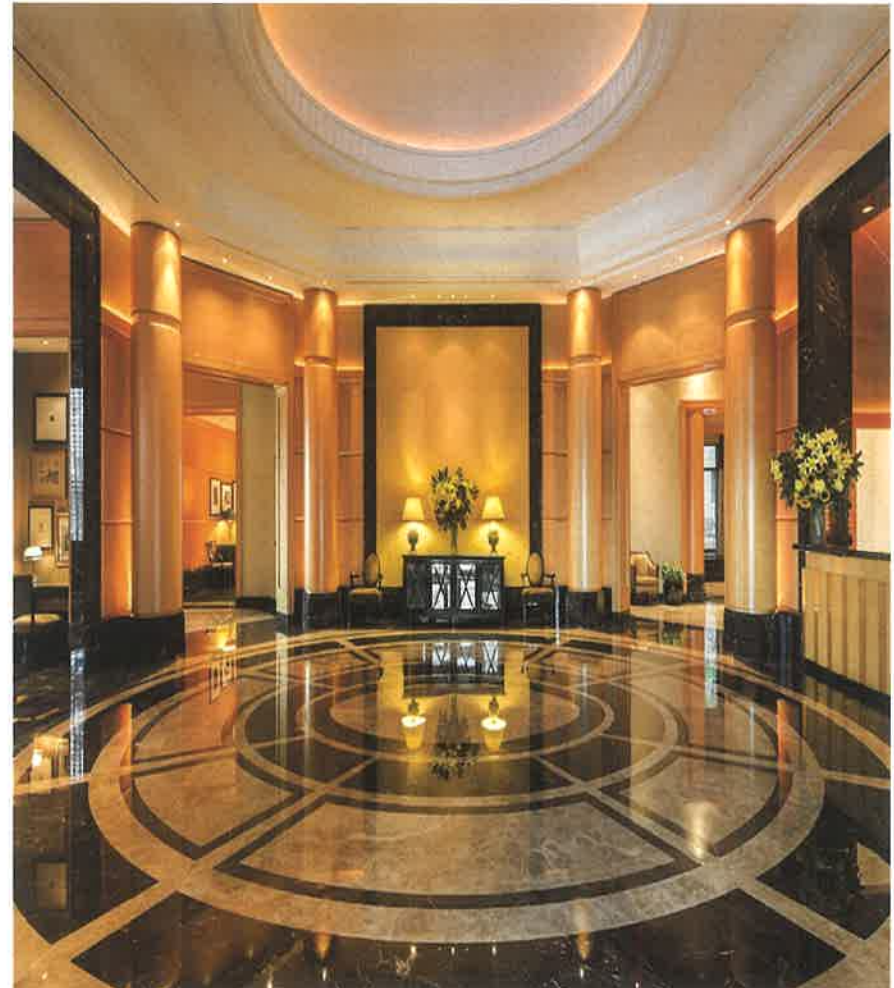
6/6/2013 – POA giving Louis Ruggiero authority to execute documents relating to purchase of property located at 220 Riverside Boulevard.

7/18/2013 – Ariel & Okcha Quiros Execute deed on 220 Riverside Boulevard condominium with a purchase price of \$2,385,000.

7/22/13 – Louis Ruggiero filed property transfer and deed with City of New York on.

Purchase of 220 Riverside Boulevard Condominium

As known as: TRUMP PLACE NEW YORK



Purchase of 220 Riverside Boulevard Condominium

Serving as Nicole Quiros' Residence

THIS DOCUMENT HAS A VOID PANTOGRAPH, MICROPRINTING AND AN ARTIFICIAL WATERMARK.

GSI Of Dade County
111 NE 1St St
4Th Floor
Miami, FL 33132

Citibank
1685 Washington Ave, Miami
63-8655
2660


Check Date 4/17/2016 Check Number 10019

Pay *Two Thousand Three Hundred Six Dollars and Eighty Cents*

To the Order of: ₁
Nicole Quiros
220 Riverside Blvd
Apt 18L
New York, NY 10069

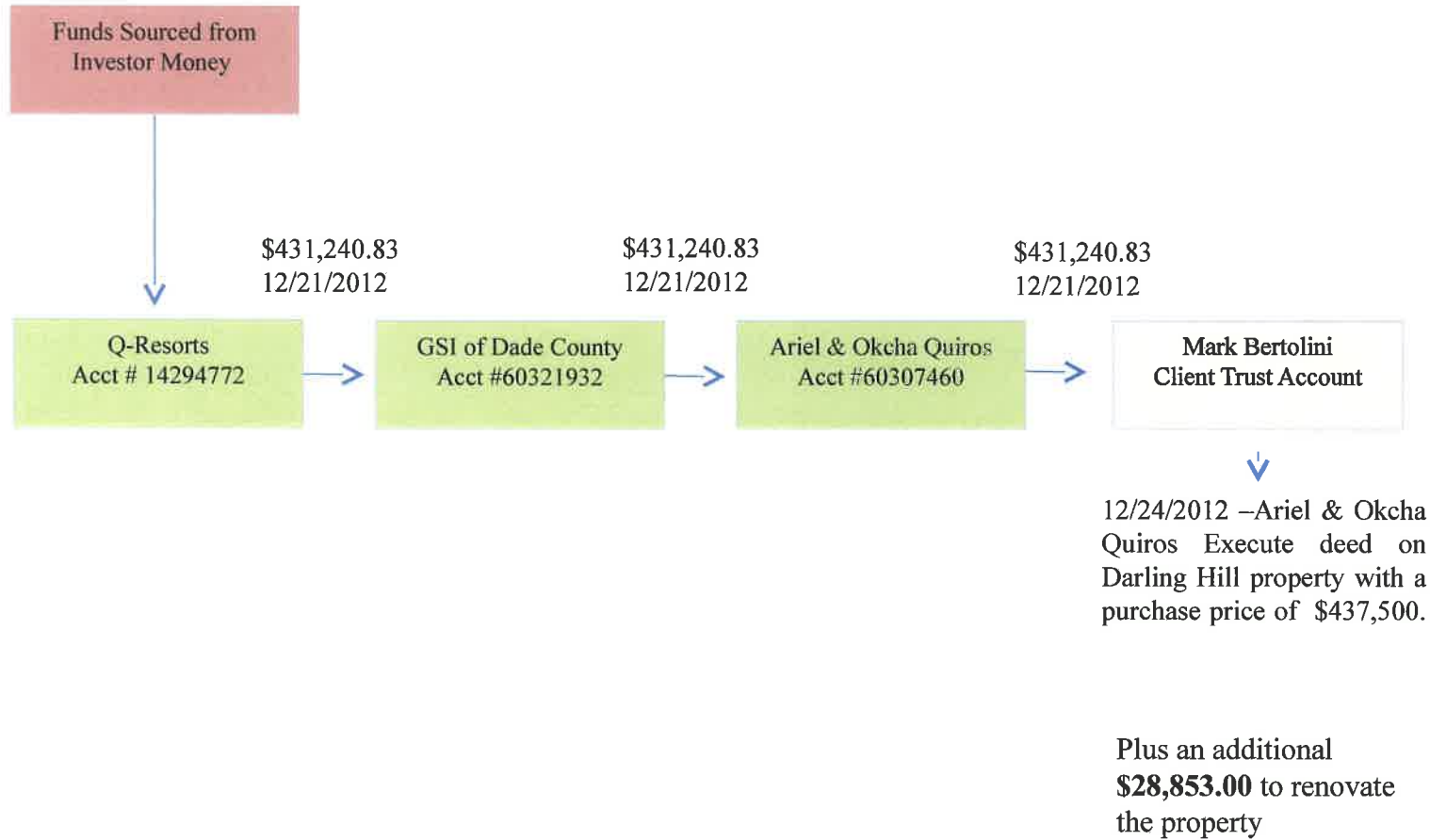
2 **PAY ONLY** **2306.80** **10019** **CTSCCTS**

\$**2,306.80**


Authorized Signature

⑆010019⑆ ⑆266086554⑆ 9138995932⑆

Purchase of 4452 Darling Hill Property



Other Purchases with Investor Money

-

Vehicles: \$69,452 on a Range Rover Defender; \$67,000 on a excavator; \$1,896.71 per month on a leased Porsche; \$17,500 on a 1942 Ford GPW

Association Fees: \$15,048 on residence in Key Biscayne; \$143,568 business condominium Miami; \$6,300 on parking in Miami

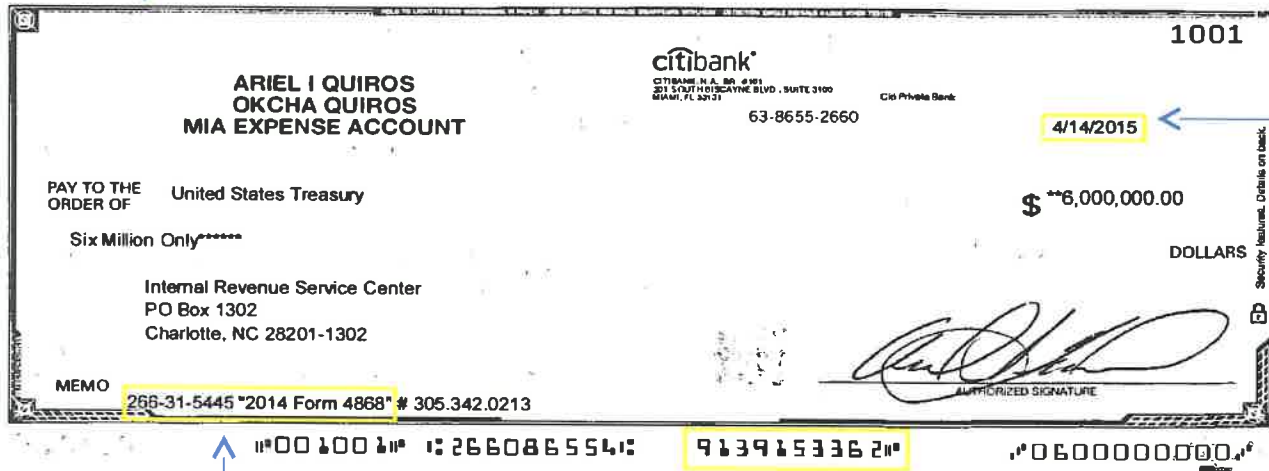
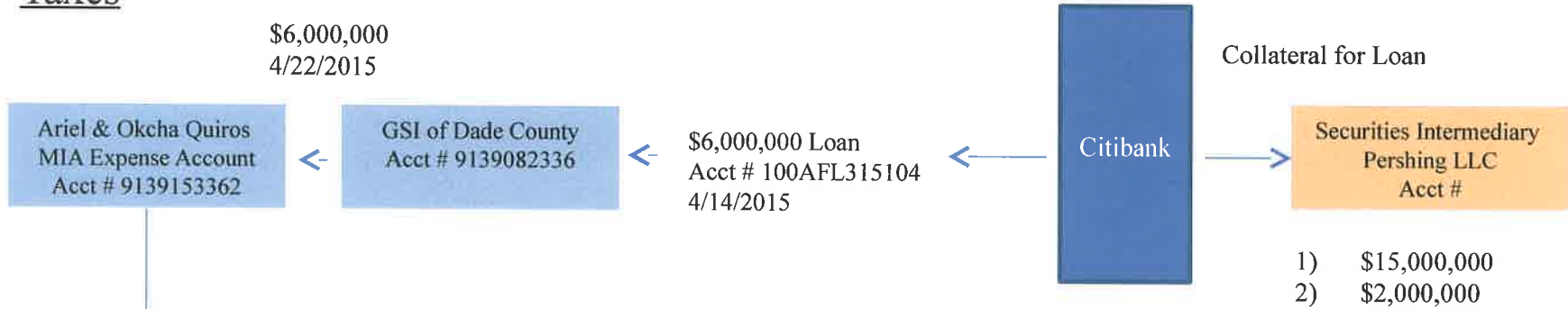
Attorney Fees: \$47,500 on divorce attorney; Richardson & Patel, \$150,000 on SEC attorneys for Ariel Quiros; \$15,000 on personal attorney Brian Hersh; \$40,000 to Fred Burgess for consulting

Credit Cards: over \$157,859 on American Express payments; over \$23,500 on Capital One payments

\$1,100,000 to purchase the Tango Grill Restaurant in Miami, Florida

\$1,401,482.50 to purchase the properties located in downtown Newport known as the Renaissance Block from the Spates Family

Ariel Quiros Leveraging Investor Funds to Pay Personal Taxes



Second to last day to file a Form 4868 for the 2014 tax year

Ariel Quiros Social Security Number and the automatic personal tax extension

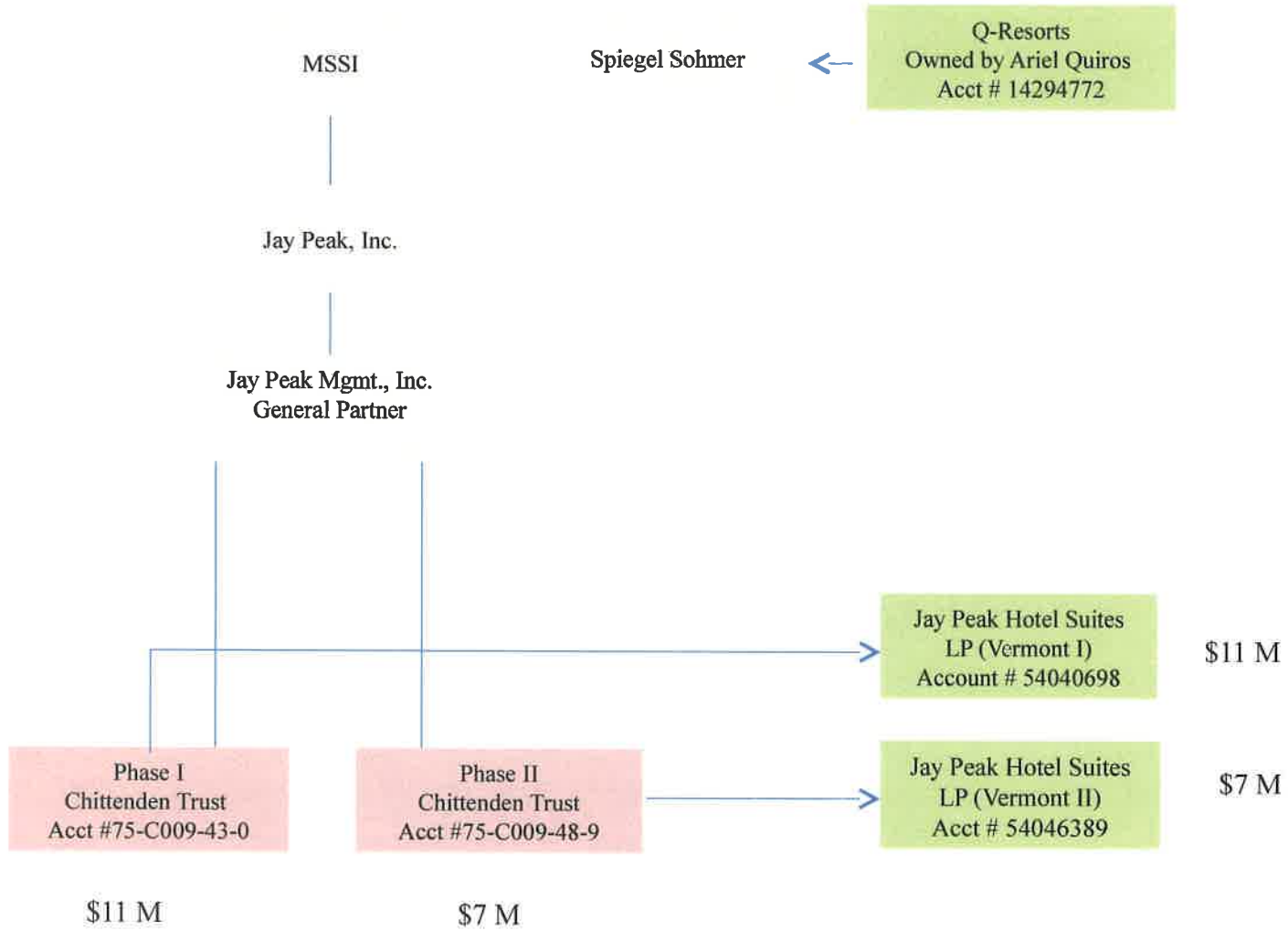
Citibank Personal Account Number

Purchase of Jay Peak Resort

Purchase of Jay Peak Resort: Negotiating the Deal

- Jay Peak, Inc. was incorporated in 1955; purchased by Mont Saint-Sauveur International (“MSSI”) in 1978 and operated by Bill Stenger as its President since 1984.
- In 2006 & 2008 respectively, ACCD approved the two initial Jay Peak EB-5 Projects known as Phase I & II. By June 2008, both limited partnerships had raised millions of dollars for the construction of the Phase I & II.
- In 2006, MSSI looks to sell Jay Peak following the death of its principal shareholder and initiates discussions with Bill Stenger who recruits Jay Peak Resort homeowner, Ariel Quiros, to help finance the possible acquisition.
- Serious discussions begin in or about January 2008 and Ariel Quiros impresses upon Bill Stenger that his relationship with Raymond James will help with the financing the transaction.
- As part of the negotiations, Ariel Quiros wanted confirmation that the EB-5 monies raised to date existed since the new owner would be assuming construction obligations for Phases I & II.

Purchase of Jay Peak Resort: June 23, 2008 Closing





June 18, 2008

Mr. Joel Burstein
Raymond James & Associates Inc.
2525 Ponce de Leon Blvd.
Suite 600
Coral Gables, Florida
33134

**RE: Account Number 54040698
Jay Peak Hotel Suites LP**

Dear Joel,

Further to our telephone conversation of this morning and your letter of yesterday, we would like to confirm the following:

1. Raymond James is lending QResorts Inc. the funds necessary for the purchase of the Jay Peak Resort;
2. We will work with Mr. Quiros' attorney to determine the precise amount required for this transaction and notify you of same;
3. We will also establish with Mr. Quiros' attorney the mechanism to close, including the simultaneous wiring of funds to a number of different entities upon the closing of this transaction, so that amounts will be paid directly to both Saint-Sauveur Valley Resorts ("SSVR") and the secured creditors at the same time, in order for SSVR to be able to deliver clear title to the assets of the Jay Peak Resort;
- 4. The funds currently in account number 54040698 belong to the Jay Peak Hotel Suites Limited Partnership. These funds were invested by immigrant investors in this limited partnership and must be held and/or used strictly in accordance with the limited partnership agreement, a copy of which I understand has already been provided to you. You confirmed that these funds will not be used in any manner, including as collateral or a guarantee, to finance the Purchaser of the Jay Peak Resort.
- 5. Similarly, any funds received from investors in connection with Phase II of the Jay Peak EB-5 project are subject to restrictions as to their use and investment. Since our conversation, we have been advised that these funds, together with additional funds received from Phase I investors whose applications have not yet been approved, are currently being held in an escrow account at the Chittenden Bank pursuant to an escrow agreement which we will forward to you as soon as we obtain a copy. Raymond James will have to be substituted as the Escrow Agent thereunder before the funds in these accounts may be transferred. Once again these funds may not be used in any manner, including as collateral or a guarantee, to fund the purchase of the Jay Peak Resort.

Spiegel Sohmer Inc.

5, Place Ville-Marie
Bureau 1203
Montréal, Québec
H3B 2G2
Tél. : (514) 875-2100
Fax : (514) 875 8236/65743

From: Joel Burstein <Joel.Burstein@RaymondJames.com>
Sent: Wednesday, June 18, 2008 5:50 PM
To: Janice Naymark
Cc: Fred Burgess; Alwynn Gillett; wjkelly@mindspring.com
Subject: RE: Jay Peak Limited Partnership

Janice,

Ok, my apologies in not being clear. In no way am I going back on the items of our conversation, however, I do believe there was some confusion. Let me address each issue below.

1. You are correct Raymond James will be financing the transaction through QResorts Inc. as Mr. Quiros is our client.
2. You are correct we will wiring the money as instructed, it doesn't have to be Mr. Burgess as was written in my letter yesterday.
3. None of the funds in the MSSJ Jay Peak Hotel Suites LP will be used for margin, as this was not approved by Mr. Dufour & Mr. Hebert.

Thank you.

Joel Burstein Jr.

Complex Administrative Manager

Coral Gables - Aventura - Marathon - Dadeland - New Hampshire

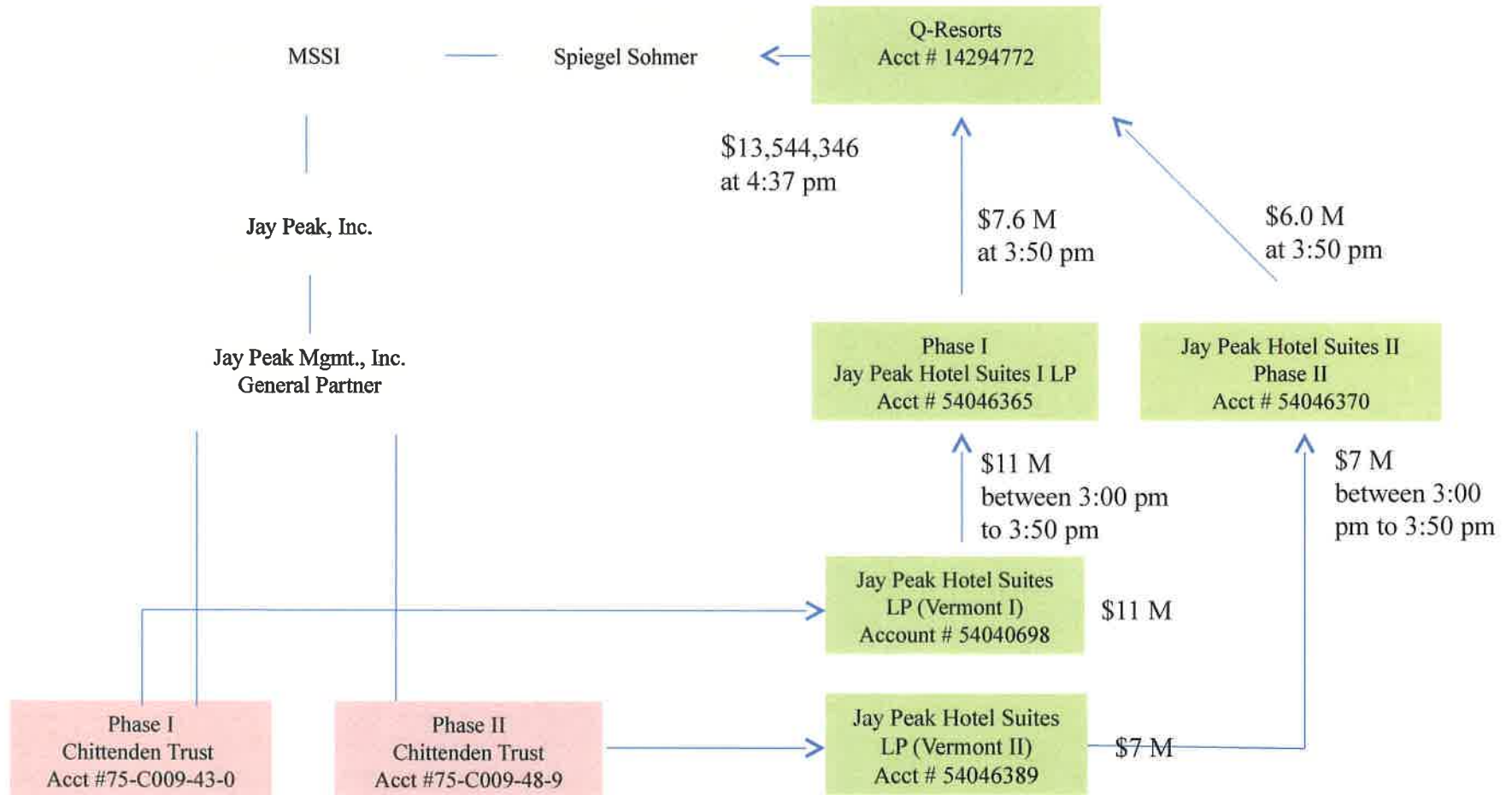
Branch 33E / 37Q / 33D / 3DB / 3CU Speed Dial 6420

(305)461-6611 - Direct

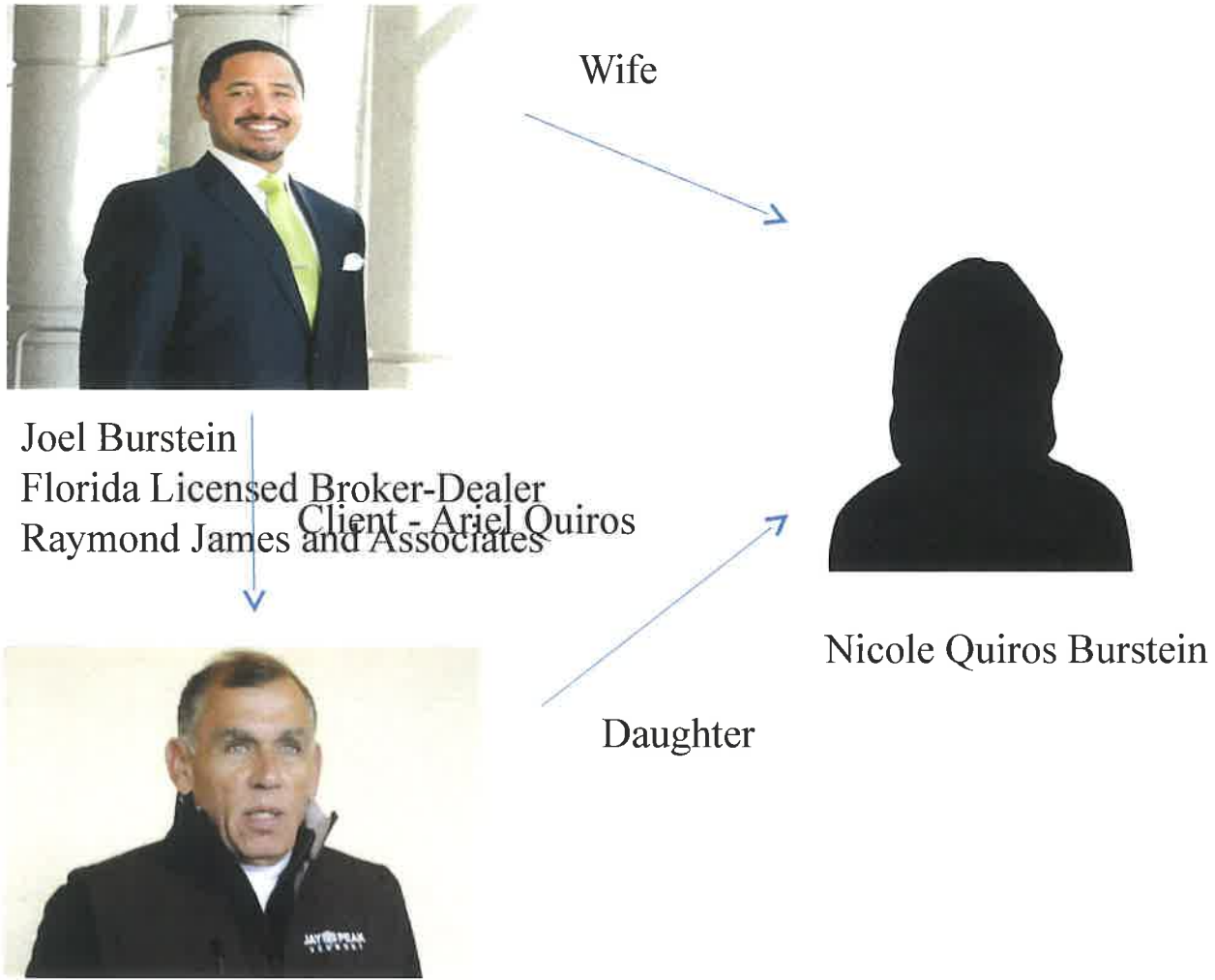
(800)523-3295 - Toll-free

(305)529-0046 - FAX

Purchase of Jay Peak Resort: June 23, 2008 Closing



Ariel Quiros's Relationship with Raymond James



Additional Payments for Jay Peak Resort

\$13,544,346 payment plus:

- \$2,000,000 on June 25, 2008 to SSVR Creditor
- \$628,684.42 on June 30, 2008 to SSVR Creditor
- \$1,500,000 on July 1, 2008 to SSVR
- \$1,000,000 on August 29, 2008 to SSVR
- \$500,000 on September 5, 2008 to SSVR
- \$2,500,000 on September 26, 2008 to SSVR
- \$1,692,784.65 in 2008 for Stratavest Bond
- \$800,645.89 in 2008 to VEDA

\$24,166,460.96 total purchase price

Additional Transfers into Jay Peak Resort Operating Account

- \$500,000 on July 28, 2008
- \$500,000 on August 13, 2008
- \$1,000,000 on September 18, 2008
- \$500,000 on October 6, 2008
- \$500,000 on October 31, 2008

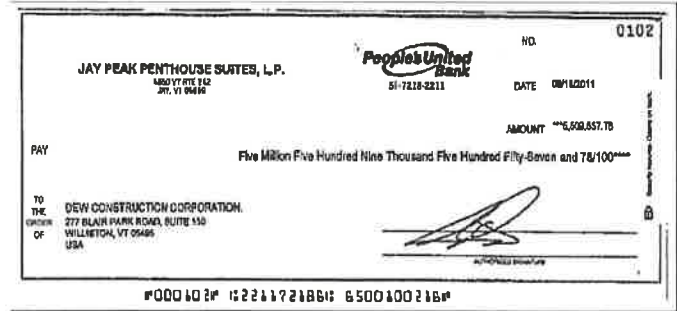
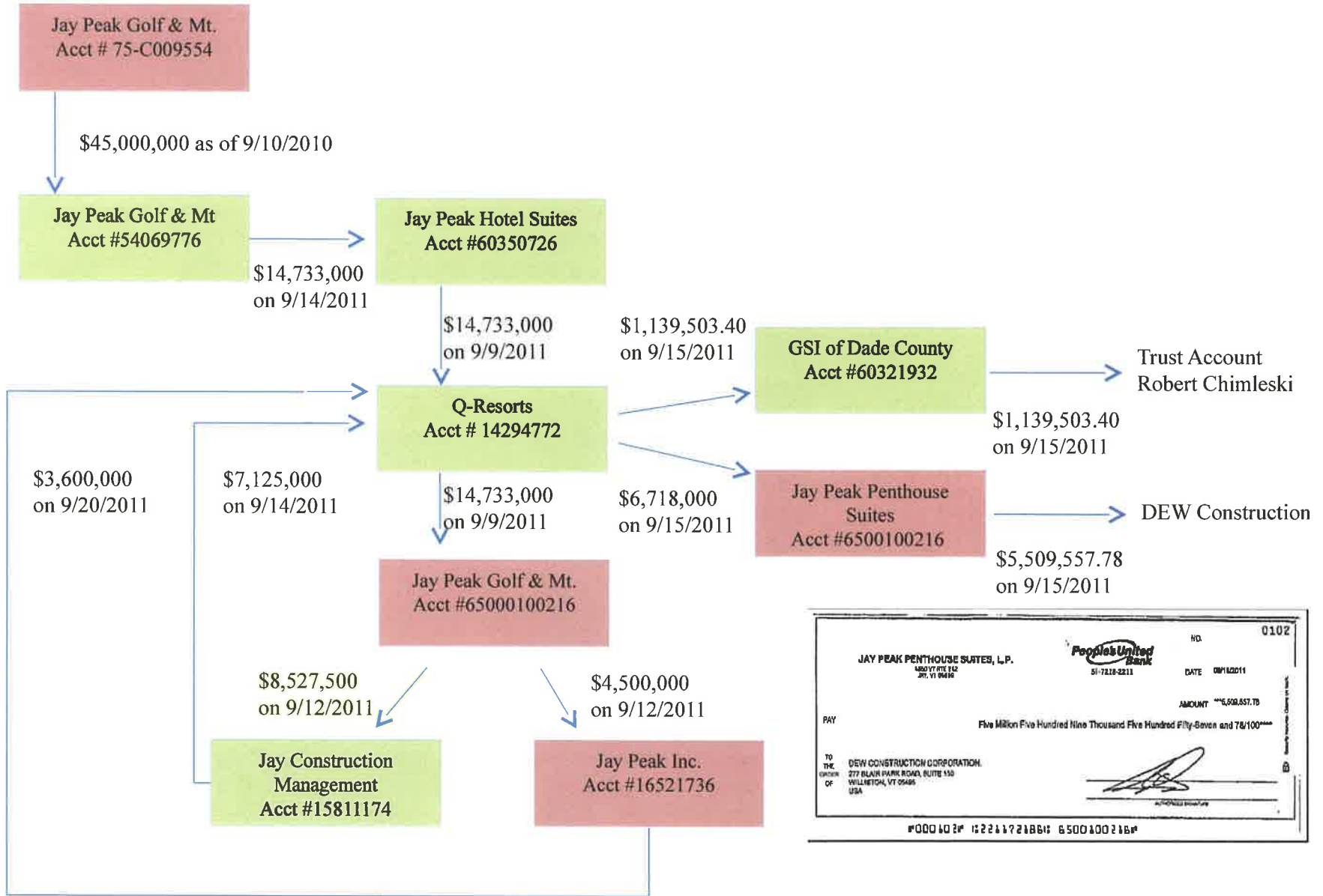
\$3,000,000 in total

Plus **\$24,166,460.96 total purchase price**

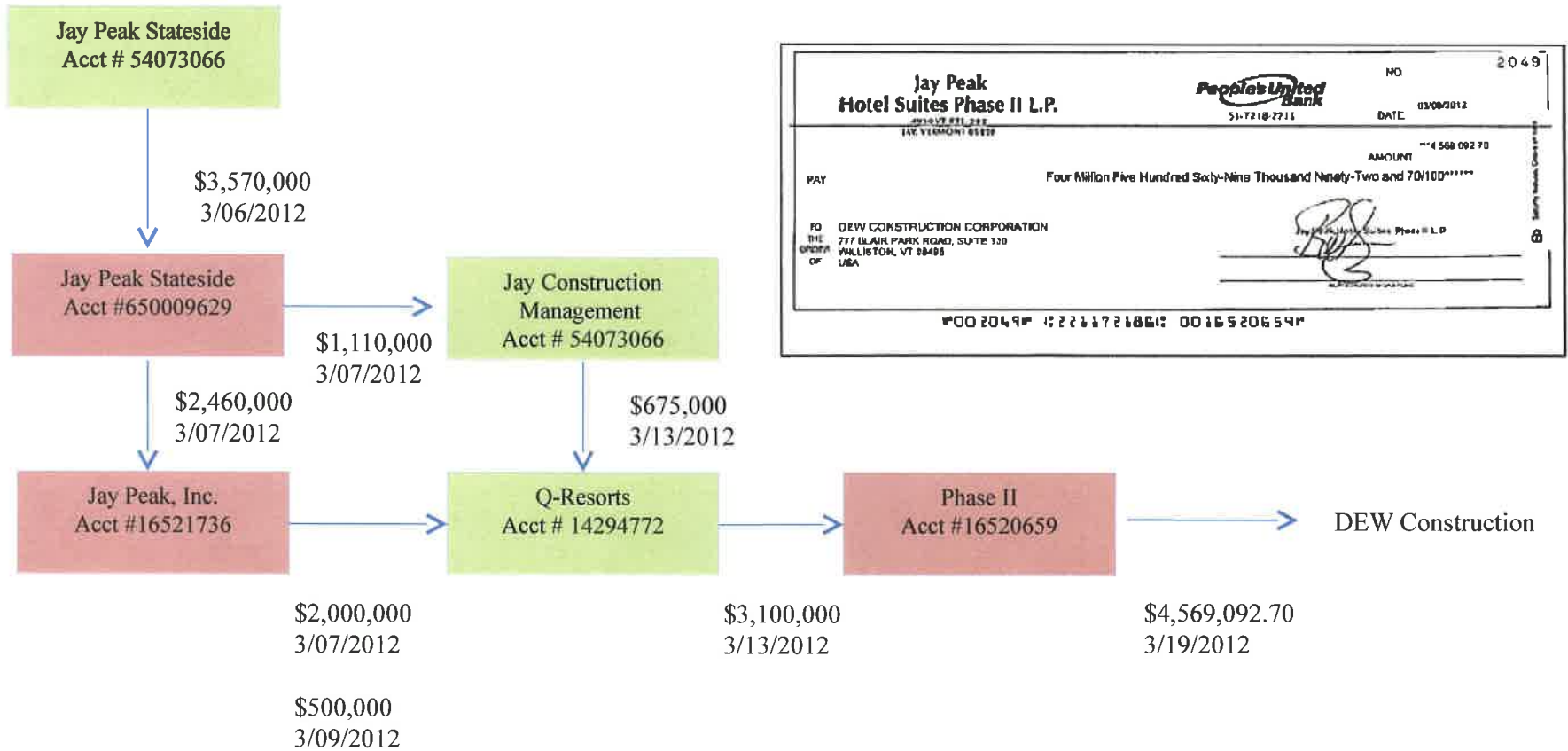
Equals **\$27,166,460.96 of investor funds to purchase, maintain and enhance Jay Peak Resort**

Backfilling: Paying Old Project Expenses with New Investor Money

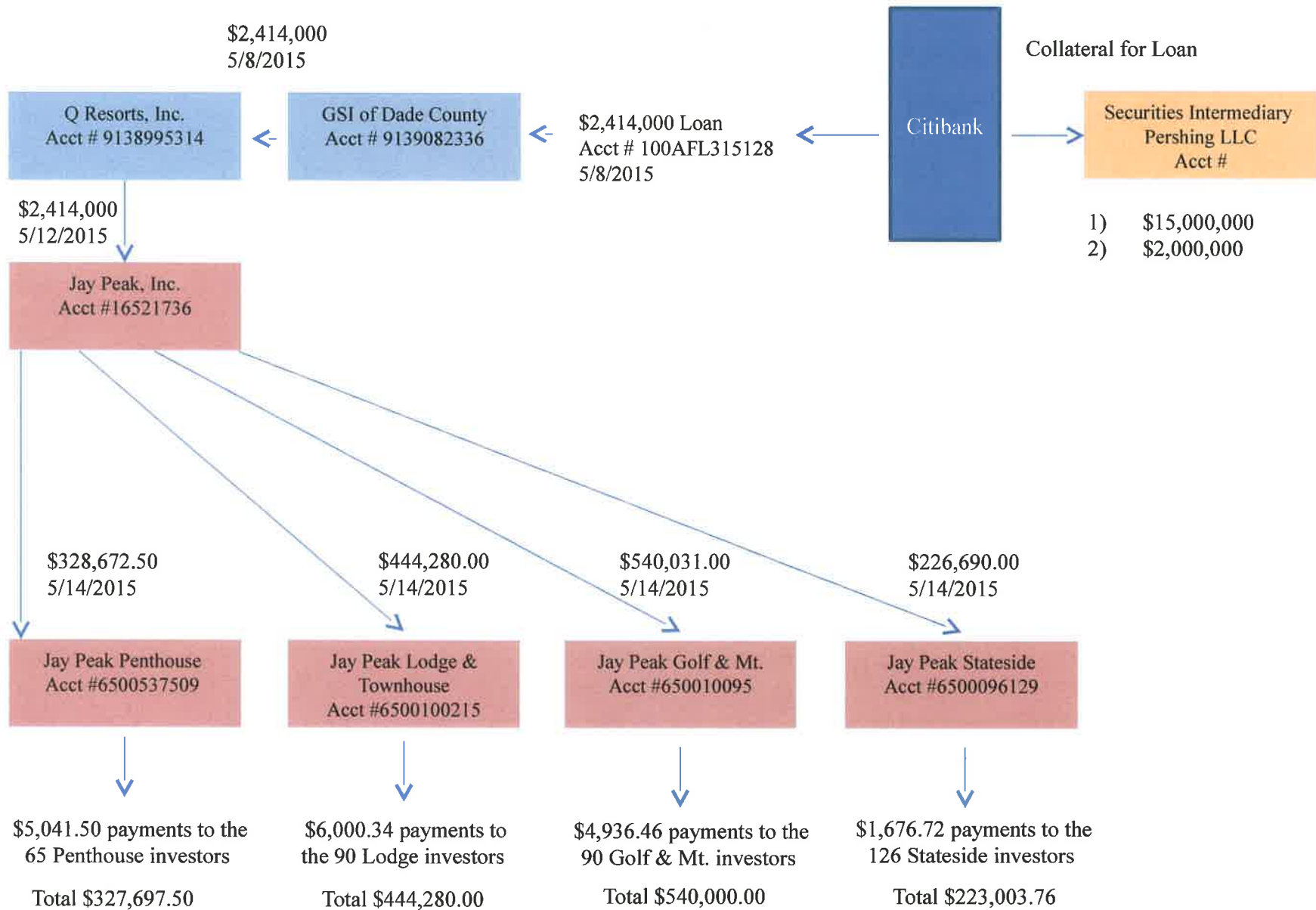
New Money Paying Old Project Expenses: Example 1



New Money Paying Old Project Expenses: Example 2

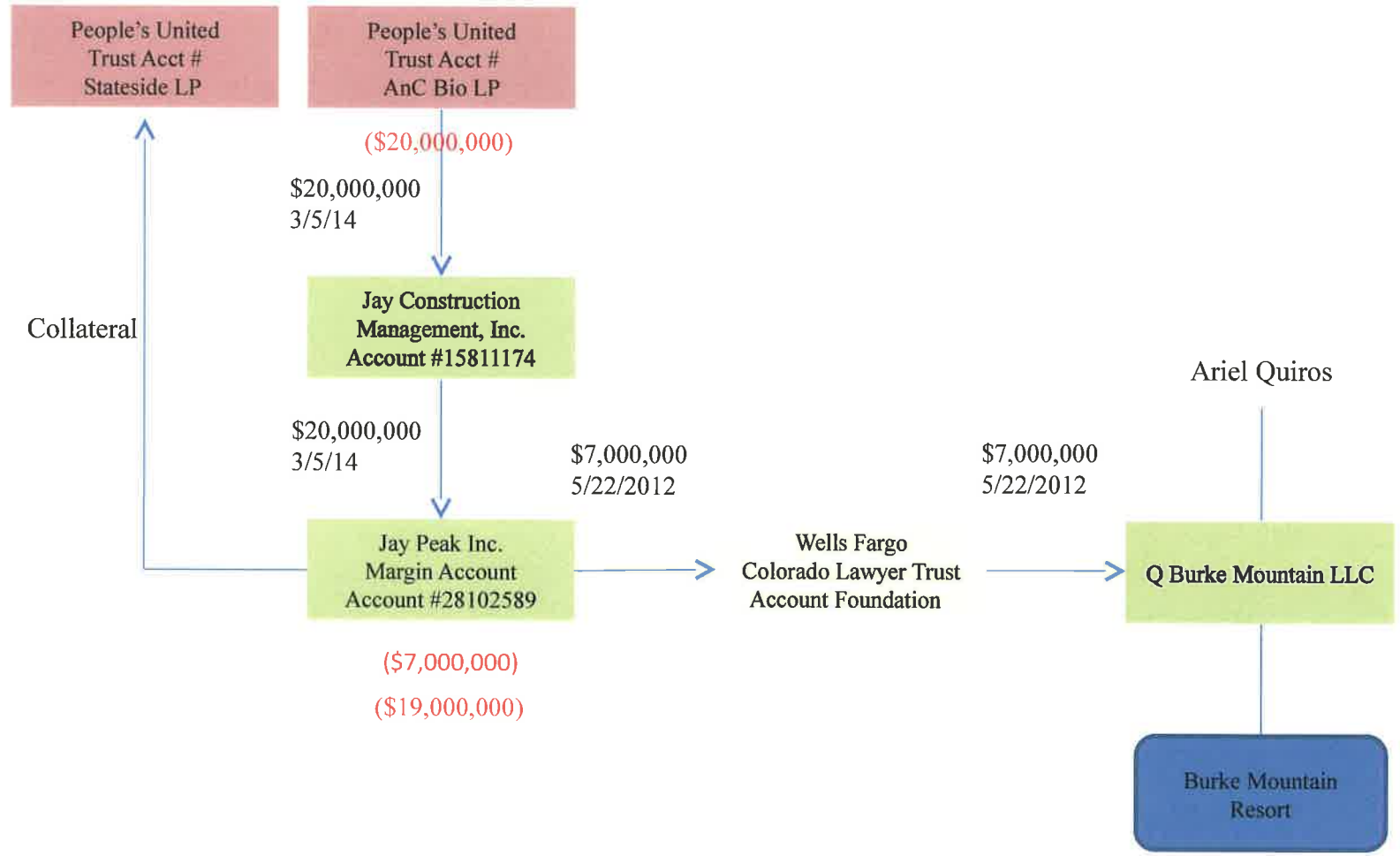


New Money Leveraged to Pay Quarterly Distributions Old Project Investors



Purchase of the Burke Mountain Resort

Ariel Quiros's Purchase of Burke Mountain Resorts



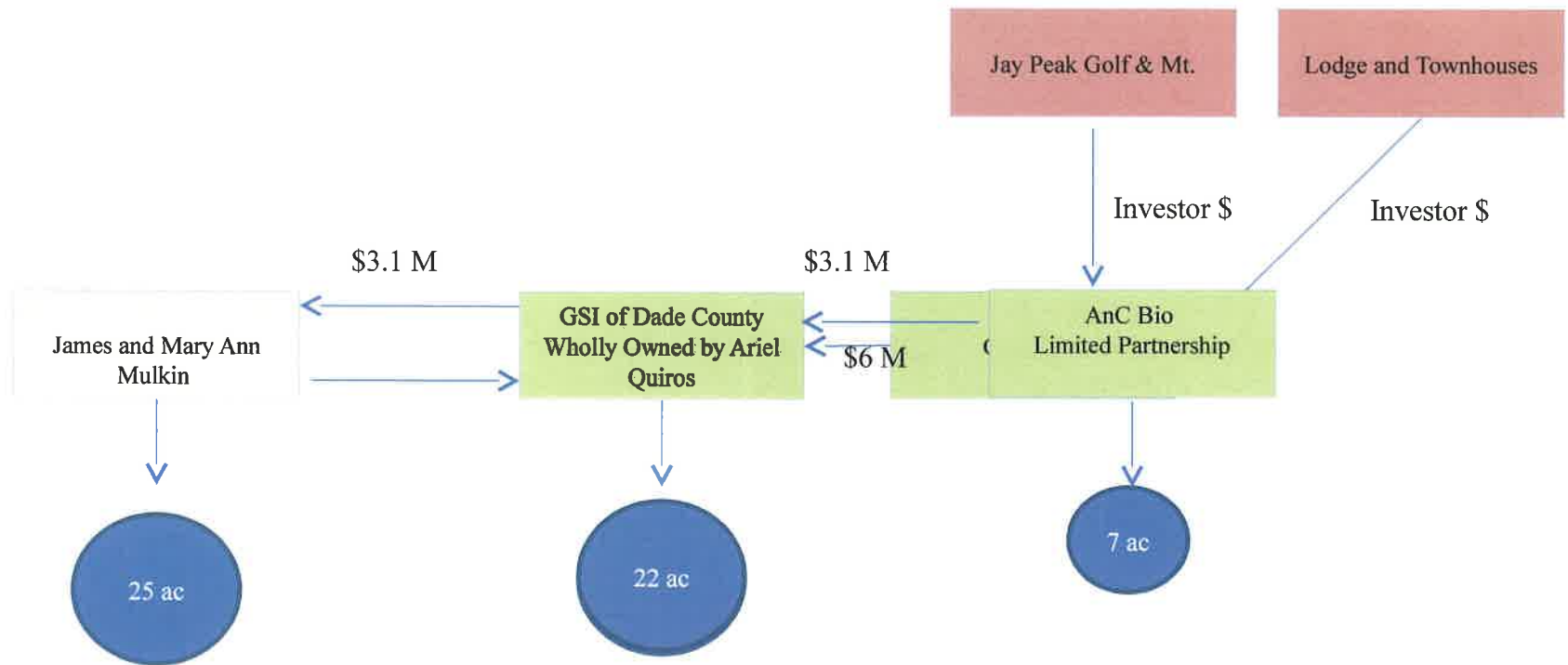
April 15, 2015 AnC Bio Groundbreaking

Spent \$5,000 of investor funds on commemorative shovels



Purchase of AnC Bio Project Site in Newport, Vermont

Purchase of AnC Bio Project Site in Newport, Vermont



Resulting Financing Gap

Resulting Financing Gap

Project	Jay Peak Hotel Suites, LP	Jay Peak Hotel Suites Phase II, LP	Jay Peak Penthouse Suites, LP	Jay Peak Golf & Mountain Suites, LP	Jay Peak Lodge & Townhouses, LP	Jay Peak Hotel Suites Stateside, LP	Jay Peak Biomedical Research Park, LP	Q Burke Mountain Resort, Hotel and Conference Center, LP	Total
Total Investors per Offering	35	150	65	90	90	136	147	83	796
Total Investment Raised	\$17,500,000.00	\$75,000,000.00	\$32,500,000.00	\$45,000,000.00	\$45,000,000.00	\$68,000,000.00	\$73,500,000.00	\$48,500,000.00	\$398,000,000.00
Contractor	DEW	DEW	DEW	DEW	DEW	DEW	PeakCM	PeakCM	
Construction Completed	Yes	Yes	Yes	Yes	Yes	No	No	No	
Cost to complete construction	N/A	N/A	N/A	N/A	N/A	\$32,039,000.00	\$68,462,804.00	\$49,514,500.00	
Remaining Investor Funds	N/A	N/A	N/A	N/A	N/A	\$200,000.00	\$3,500,000.00	\$1,000,000.00	
Investor Funds that may be raised via PPMs	N/A	N/A	N/A	N/A	N/A	N/A	\$36,500,000.00	\$49,500,000.00	
Financial Gap	N/A	N/A	N/A	N/A	N/A	(\$31,839,000.00)	(\$28,462,804.00)	\$985,500.00	(\$59,316,304.00)

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Sunday, July 13, 2014 3:22 PM

To: GPS

CC: Allen, Susan; Spaulding, Jeb; Coriell, Scott; Richards, Alyson; London, Sarah; Miller, Lawrence

Subject: Weekly Reports - Executive Privilege 07 11 14.pdf

Attachments: Weekly Reports - Executive Privilege 07 11 14.pdf; ATT00001.txt

a few highlights. lawrence, note DII report re: POAM, not favorable

WEEKLY REPORTS

Checklist

7/11/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Health Care Reform – Lawrence Miller
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Brian Searles
- Agency of Human Services – Doug Racine

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London/Carolyn Wesley

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

CONFIDENTIAL and PRIVILEGED—No Sharing

To: Governor Peter Shumlin

From: Patricia Moulton, Secretary - Agency of Commerce and Community Development


Date: July 11, 2014

Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

VY/Windham Economic Development Grant Program (WEDGP): The meeting in Brattleboro with the Governor went well. Admittedly, there was limited time for questions but the Governor did a great job and was very clear on intent particularly why not grants for for-profit businesses. The meeting and public hearing Thursday regarding a revolving loan fund (RLF) was more of the same. Those who spoke want a grant program for small businesses. Others want the funding to plug philanthropic holes created by the loss of donations from Entergy. Others want the funding to fill revenue gaps for businesses losing activity due to the closure of VY. Others were positive about an RLF. A few concerns that the Legislature not "sweep" this funding for budget gaps or that funding be spent outside of Windham County. Overall, it was disappointing the lack of "vision" by those who spoke for reshaping the economy for long term sustainability. We will absolutely be criticized for whatever decisions we make. Therefore, we need to hold firm on making funding available for activities that will rebuild the economy and not one time, short term gains.

EB5/Jay Peak: We have followed up in writing from a meeting with Bill Stenger and Bill Kelly in person and Ariel Quiros on the phone. We laid out our concerns for the offering memo on AncBio. We have advice from experience SEC attorneys that the offering is not providing material disclosures relating to the auction of the AncBio facility in Korea, tax issues in Korea, IP issues and that investors will "buying" assets for the Vermont operation of AncBio from Ariel Quiro personally. We have asked them to stop marketing AncBio until we receive an opinion from their counsel that the offering meets all SEC requirements for disclosure. We have also rescinded the MOU on the West Bowl (which actually expired in 2010) project as it has had no activity and is in the older format without SEC requirements. We also asked them to provide a legal opinion to us that the Q Burke offering also meets al SEC requirements. We gave them a list of other issues I can provide if you would like. The meeting was productive. We URGED them to provide regular and detailed communications to all their phase I and II investors. We continue to get complaints but primarily from a group of about 15 investors, lead by one or two more vocal folks, about the conversion of their investment to debt. As you know, Jim Condos's office received 15 letters of complaint from Jay investors, the same group. We have alerted DRF and the Auditor's office should they too receive complaints.

 A weird event was that Ariel Quiros called Brent Raymond for a "man to man" private conversation a day or so after our meeting. He claims he could not hear anything on the phone, despite our asking him several times if he could hear ok and he acknowledging he could. He claims he did not know who was on the phone despite Bill Stengers 5 minute introduction of all of us in the beginning. And he pushed Brent to acknowledge that he "knows the offering memo's are fine, they meet all USCIS requirements and that is all we need." Brent let us know but has done nothing other than to continue to assert to Mr. Quiros that USCIS is not the only regulatory hurdle and that we need them to comply with our requests.

Champlain College and China MOU: We did not sign on to the MOU between Champlain College Champlain College (Emergent Media Center), Jiuyou Fund, Shanghai, China: and the North American High Tech Center (NAHTC, a Chinese owned company located in Massachusetts that assists in "relations between the US and China" namely education and business). We explained to Champlain why not and the new President as well as David Provost of Champlain seemed fine and to completely understand. I was unable to attend the event Tuesday evening due to a family emergency but Brent, Becky Fu and Lars Torres were all there.

CEDS: We are working to finalize the "public", more user friendly version of the CEDS vs. the one submitted to EDA in their bureaucratic format. We will need time to finalize and then roll out. Looking at perhaps a business event to roll it out vs. a weekly press conference.

IBM: We will prepare a presentation "package" of information to present to a buyer when the time comes regarding any announcements. Also, while I have not read it in its entirety, it seems the 7 Days article was not that bad.

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Saturday, August 02, 2014 4:18 PM

To: GPS

CC: Allen, Susan; Spaulding, Jeb; Miller, Lawrence; Coriell, Scott; Richards, Alyson; London, Sarah

Subject: Weekly Reports - Executive Privilege 08 01 14.pdf

Attachments: Weekly Reports - Executive Privilege 08 01 14.pdf; ATT00001.txt

A few areas of note highlighted, gov. Thanks all for the (even more than usual) work this week while I was visiting family....see you Monday!

WEEKLY REPORTS

Checklist

8/1/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Health Care Reform – Lawrence Miller
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan (**no report this week**)
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Brian Searles
- Agency of Human Services – Doug Racine

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London/Carolyn Wesley

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Pat Moulton, Secretary - Agency of Commerce and Community Development
Date: August 1, 2014
Re: Weekly Report

PAT MOULTON, SECRETARY

- **EB5:** The Jay Peak press is reverberating around the globe in a very negative way. We are hearing Mt. Snow and others are losing investors. John Kessler and Brent Raymond are attending a webinar today where Vermont Regional Center was highlighted as having “issues” and how to avoid those. The press is about the headlines and few are reading deeper. I am going to work on VtDigger and VPR next week with messaging that we are being proactive, we have an excellent track record, the EB5 program nationwide and in Vermont is evolving and our oversight is growing. In the big picture, the lack of communication from Stenger to his investors is minor yet the VtDigger article makes it sound like fraud when that is not the case.

If we are to remain viable as a Regional Center, we need to rethink our operations. We will need to radically increase our fees to enable a third party review of offering documents and business plans like we have already required a third party market study. We will have to require audits regardless of the expense. We simply do not have the resources to effectively do our due diligence. Further, we are running our staff ragged with travel and responding to inquiries and now complaints. With increased fees, we can contract with impartial third parties to do these reviews. We can hire needed administrative staff to assist with operations. We have existing potential of over \$500 million in investment that we must take advantage of. We will work up a new operations plan and run it by Liz and Jeb prior to implementation.

(*) →

- **Filling the talent pipeline:** I have been working with Dan Smith at VTC on a plan to help fill the engineering technician talent pipeline. The plan is to increase enrollment in the Vt. Academy of Science and Technology (VAST) which is a program at VTC for high school seniors where they do their senior year at VTC and earn a full year of college credit. We will couple this with the Vt. Strong Scholars (which is where we need \$) so that students are hired for an internship between their senior yr of HS (first yr. at VTC) and their second yr. at VTC. We will ask participating employers to provide a scholarship for one semester at VTC (\$12,000) and have the Vt. Strong Scholars program pick up the other semester. Tuition to VTC in the VAST program is paid from the Ed Fund. A couple of years ago the Legislature capped the number of students to a total of 60, 50 is the average enrollment. The cap is lifted July 1, 2107 so we can grow this after 2017. We will enlist 5-15 employers to participate by promising to a) hire the intern, b) hire the student after they finish their two year degree c) pay a one semester scholarship to VTC. The employer is involved in marketing to high schools and screening the student. VTC does heavy screening as well. The student gets their entire two yr. degree at VTC paid for AND a job. The employer gets a good qualified student with the two year degree. Dan and I met yesterday and have a plan. He is putting together a "brochure" or write up we can use with employers. We identified a group of 15+ employers as our first target, all of whom hire interns and/or offer scholarships now. This responds directly to Janette's "get 40 new kids in to VTC's two yr. engineering program" once the cap is lifted. No legislation needed. Will need funding for VT scholars. This targets to today's high school juniors so there is a lag.

need more money →

- **Mack Molding:** Lisa Gosselin and I met with Jeff Somple and Kevin Dailey at Mack Molding on Monday. Jeff is “upset” about a number of things. The “death by a thousand cuts” from the Legislature, single payer health care, Efficiency Vermont Charges, and an inability to hire good technicians. Mack would be a great candidate for the VTC program described above. The Governor and Lawrence are meeting with them August 12. We will get a detailed write up to them prior to that meeting.

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Sunday, August 24, 2014 2:25 PM

To: GPS

CC: Allen, Susan; Coriell, Scott; Richards, Alyson; Spaulding, Jeb; London, Sarah; Miller, Lawrence

Subject: Weekly Reports - Executive Privilege 08 22 14.pdf

Attachments: Weekly Reports - Executive Privilege 08 22 14.pdf; ATT00001.txt

Just a few notes and highlights in case helpful. Nothing too new and different this week.

WEEKLY REPORTS

Checklist

8/22/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Health Care Reform – Lawrence Miller
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Brian Searles
- Agency of Human Services – Harry Chen

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London/Carolyn Wesley

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding (**no report this week**)
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: August 22, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY: CONFIDENTIAL

AncBio: June 27 we met with Bill Stenger, Ariel Quiros and Bill Kelly to explain our deep concerns over material disclosures in the offering docs for the AncBio and Q-Burke projects. We followed up with a letter July 9 spelling out what we needed and by when. Weekly reports from Bill indicated they were working on the main request of an unqualified opinion from expert SEC attorney(s) indicating their offering memoranda were disclosing all material facts. In the alternative, an updated offering memo. Wednesday, Brent Raymond and John Kessler had a telephone conference with the legal counsel from Richardson and Patel that Bill indicated was working on this request supposedly for the last 7 weeks. The attorney, David Feldman was completely unaware of the request, the required material disclosures and clearly had done no work on this. Thursday, we issued a letter to Bill Stenger, Ariel Quiros and Bill Kelly indicating they were in violation of our MOU by not producing the requested documents. Further, if they failed to provide that to us in the next 14 days, we had no choice but to cancel MOU's on both AncBio and Q-Burke. In a telephone conversation on Thursday, Bill told me Richardson and Patel "have had the documents for two months, were supposedly working on this and that clearly David Feldman was not prepared." He explained he has retained Carroll and Scribner who worked on their initial offering docs to review and update. Bill indicated he too was "shocked" David Feldman was so clueless. *hmm*

We are seeing a pattern of communication being incomplete or telling us what we want to hear and learning later it is not true. This is very disturbing. We are deeply concerned about both projects but particularly AncBio given what we know had not been disclosed to potential and current investors.

Bill indicated his VP of Marketing, Steve Wright is working on EB5 PR and outreach. Alex MacLean is back from maternity leave. We hope these events will increase the accurate communication on these projects.

Rutland Plywood: I will be calling Jack Barrett Friday to offer assistance. I am told the company was well insured. They have exiting loans with VEDA, Peoples and Rutland Econ. Dev. Corp. They have space in their former building which could accommodate part of the operations. We are unsure at this time what operations they will be starting and when. I am told they are getting pressure from Peoples. VEDA is giving them some time and I will be talking to Tom Porter, RP's loan officer at the VEDA meeting Friday about what they can do to assist with equipment to help them get back on their feet.

Made In Vermont: Nancy Brooks has brought me significant concerns about the "Made In Vermont" program we are doing with Ag. The program is intended to be a self-certifying replacement for the Seal of Quality. The intent is to build this out of state marketing program to promote Vermont products which is a self certified program to act as a "seal of approval" program. Lastly, to develop a consumer resource web site for Vermont products. However, we lack the budget to do much paid media out of state (perhaps \$10,000 in carry over funds), we will be building a consumer resource web site where you cannot buy product (there will be links to producers web sites) and no resources for quality control (someone can apply for the MIV label but have a crappy product. We have no way to jury or judge the products). Further, there are "made in Vermont" web sites being developed to market Vermont made products (most recent which just started is <http://www.vermontmademarketplace.com>) which may take some of the interest away from MIV. The concern is if we launch and charge \$150 per company, will that be self-sustaining and allow us to market the MIV label out of state? The Legislature provided enabling legislation but did not mandate the creation of the program. We are meeting with Ag as soon as we can to discuss our concerns. Without a budget, it will be a challenge to do this program well. My question for the 5th floor is whether this is a priority? If so, which is the most important element? The web site, the out of state marketing, the "seal of approval"? If one element is more important, we can put our financial and personnel resources on that. If this is not a priority for the Governor, we can save a lot of staff time and some funding that could be spent elsewhere.

IBM: I had a good meeting Monday with Janette Bombardier to discuss short term options for finding employees and training. Attending were Dan Smith of VTC, Joyce Judy of CCV, John Fischer of Agency of Ed, me, Beth Demers from our Vt. Training Program and Penne Ciraldi of CCV. We came up with several short term strategies and medium term/pipeline filling strategies:

Short term:

- Do an IBM designed Governor's Career Ready Certificate program targeting un and under employed.

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Sunday, August 31, 2014 2:49 PM

To: GPS

CC: Allen, Susan; London, Sarah; Spaulding, Jeb; Richards, Alyson; Miller, Lawrence

Subject: Weekly Reports - Executive Privilege 08 29 14.pdf

Attachments: Weekly Reports - Executive Privilege 08 29 14.pdf; ATT00001.txt

A few notes

WEEKLY REPORTS

Checklist
8/29/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Health Care Reform – Lawrence Miller
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Brian Searles
- Agency of Human Services – Harry Chen

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- Public Service Department – Chris Recchia

Sarah London/Carolyn Wesley

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding (**no report this week**)
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: August 29, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

IBM: We had a great follow up meeting with IBM, VTC, CCV, Labor, Commerce re: short and long term training for IBM. VTC/CCV put together a great proposal on what they can and will do, with costs. I forwarded that to Liz and Jeb. We will be talking about funding for the various elements. Many of the “medium term” elements of the proposal apply to many manufacturers and are strategies to fill the talent pipeline. I will be talking about using the Enterprise Fund for some of these activities. Some of those activities can also be included in a workforce training package the Gov can roll out. Labor is also going to do an IBM specific job fair.

Annie and I had a good meeting with Janette earlier in the week to discuss Rutland Plywood employees and other short term strategies for IBM. We learned Rutland Plywood employed a number of ex-offenders. That limits the opportunity for IBM. Labor is doing a Rutland Plywood job fair next Friday.

Rutland Plywood: Still no word on their rebuild plans. They are saying they need to get a number from the insurance company before they can plan much. That may take a few weeks. We are hearing they may have been a bit sketchy with profitability before the fire, that is not confirmed. Perhaps the fire will result in a newer, more efficient building which could be their savings if it is true.

Mack Molding: Lisa Gosselin meets with Mack tomorrow (Friday) to probe workforce issues. Jeff Somple is saying if we can come up with \$2million in savings/incentives, we would commit to Vermont. We are struggling to find that. They are not VEGI eligible due to background growth. Mack wants out of the Efficiency Vermont charge so we are pursuing DPS’s “Energy Savings Account Program” which allows them to “bank” their EV charge and spend it in accordance with an approved efficiency plan. We will be looking to the Enterprise Fund as this has the potential to create 60-100 jobs which fits them in the “regionally significant” category. We can put Vt. Training Program dollars in to the mix. But this highlights for us, fast growing, more “traditional” manufacturers in limited in a small NAICS category in Vermont fall through many of our incentive cracks. If we can find an answer to the back ground growth problem with VEGI, that would help. That is not easy given the politics of VEGI.

Windham County Economic Development Program: We had a great meeting with VEDA today to finalize details on the loan portion of the WCEDP fund. During the discussion we talked about operating costs. VEDA is “eating” their normal costs of underwriting fees, application fees, etc. But they highlighted legal fees as something they cannot absorb in the event of a work out or need to sue. We agreed that can come out of the revolving loan fund (RLF) when it has resources. But what about the year or two it will take to have loans repaid? Further, we realized if we have an applicant that receives funding and commits fraud, we will want to pursue them legally. But ACCD does not have the resources to “eat” legal costs either. Therefore, we believe we will need to hold back up to \$100,000 from this first round of funding to cover any of those costs in the off chance we have legal expenses. Once the RLF has resources, VEDA will tap that. But we have no opportunity. While we have said we are not charging admin fees, legal is another story. So we may need to hold on to that until we have another solution for legal costs. Any concern there?

NO for legal costs.

Historic sites: As Noelle has reported, we continue to uncover deferred maintenance and other “surprises” with our historic sites. Noelle is working well with Obie on the capital bill planning. But we continue to find small issues that need to be addressed immediately. Noelle is compiling a list of smaller items, \$5,000 or so, of immediate needs. We may need some help with funding depending on the costs.

We have a long term employee (presently out on medical leave) that has not updated his practices in a long time so we have limited to no inventory of property we own at some of these sites. Noelle is addressing this well. But we are learning about old book and coin collections that are suffering in the elements or may have value that we are inventorying and seeking values for. There could be some opportunities in addition to expenses in some of this property.

EB5: We are moving forward with implementing our “reboot” of the EB5 program. Brent is traveling for two weeks in Dubai with Mt. Snow but Johns Kessler is working on the new MOU. We are discussing fees but not solution yet.

Personal: I am out for a long scheduled long weekend next weekend. I will be out Friday through Tuesday. Lucy will do the weekly next week.

Note: We are mixing up the order of the departmental reports moving the formerly last report to the “top” after the Secretary and Deputy Secretary’s report. This is to assure those reports further down get read by the rest of the Agency (we distribute the non-governor report throughout the agency).

LUCY LERICHE, DEPUTY SECRETARY

- **Vermont Council on Rural Development:** The Board has approved a proposal to hold a Summit on Economic Opportunity through combatting Climate Change in December or January. Lucy is on the organizing committee that will develop the structure and content of the event.
- **Entergy VY Inter-Agency Group:** The group will meet with the Governor’s staff next week to discuss additional state resources that will be needed through the decommissioning of the plant.
- **Legislative Meeting:** Pat and Lucy had a very productive meeting with Laura Gray and Aly Richards from the Governor’s Office to discuss ACCD’s Legislative agenda for the upcoming session. Pat and Lucy will continue discussions and work on the agenda with the Governor’s Office and the ACCD Senior Leadership team. Stay tuned!

CHIEF MARKETING OFFICE ♦ Nancy Brooks, Chief Marketing Officer/Heather Pelham, Marketing Specialist

Wkd
for US

- **Made in VT:** We await further guidance from leadership on priorities/focuses of the program (out-of-state marketing vs consumer database vs need to dovetail with all SOV regulatory and product-safety programs). We have put website development on a temporary hold while we await this clarification – since that guidance could determine many of the requirements for the site (for example, whether the online application needs to collect detailed data from applicants on current licensing/inspection status). However, in the meantime, we are continuing to finalize requirements for the very basic parts of the online application (company data and product lines).
- **Great Jobs in VT:** Heather and Nancy participated in a meeting this week with Liz Miller, Aly Richards, Pat Moulton, Steve Cook, Lisa Gosselin and the Vermont Recruiters Association for final review of creative materials and their deployment -- through the VDTM Fall Campaign website and a MailChimp e-newsletter, to be distributed monthly to college alumni contacts, business associations and recruiters. The monthly e-newsletter, which will include display ads as well as editorial content snippets, will keep the campaign “top of mind” with these groups, and will hopefully encourage them to incorporate our materials into their marketing efforts.

DEPARTMENT OF ECONOMIC DEVELOPMENT

Lisa Gosselin, Commissioner

- **EB-5:** Worked with Administration and ACCD leadership to propose new structure for program and new MOU language. Drafted Op Ed and worked with Shanghai Business Review on upcoming story on Vermont and EB-5.
- **BUSINESS SUPPORT:** Working closely with *Mack Molding* and with *Cabot Hosiery* on potential expansions. Spoke with *IS* (desalinators) which is hosting a delegation of government and private customers from the Republic of Indonesia about arranging for other companies to meet with this group. Group is looking at purchasing the technology such as desalinators necessary to make islands sustainable. Meeting with *Yonder* to connect them with media partners. On hold to meet with *Rutland Plywood* about rebuilding opportunities and relocation of workforce.
- **CEDS:** Met with Debra Beavin of EDA who has approved our CEDS and provided guidance as to which projects are prime for funding. Ms. Beavin was very happy with our CEDS and enthusiastic about a number of projects. Also met with Secretary Moulton, Deputy Secretary Leriche and Ken Jones on roll-out schedule. Proposed release dates are Sept. 29 or 30 with a full roll-out at Economic Development Summit

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Saturday, September 27, 2014 4:41 PM

To: GPS

CC: London, Sarah; Allen, Susan; Richards, Alyson; Miller, Lawrence; Spaulding, Jeb

Subject: Weekly Reports - Executive Privilege 09 26 14.pdf

Attachments: Weekly Reports - Executive Privilege 09 26 14.pdf; ATT00001.txt

a few notes and highlights worth review. I eliminated extra pages because it was too long to easily open by email - included Rebecca Holcombe long but interesting powerpoint presentation to school boards and some unnecessary pages re: new incident command structure at VHC, though I did keep incident report for review. Liz

WEEKLY REPORTS

Checklist

9/26/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Health Care Reform – Lawrence Miller
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Brian Searles
- Agency of Human Services – Harry Chen

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

Alyson Richards

- Leg Prep

To: Governor Peter Shumlin
From: Lucy Leriche, Deputy Secretary - Agency of Commerce and Community Development
Date: September 26, 2014
Re: Weekly Report

PAT MOULTON, SECRETARY

- **Fairlee House Appeal and Counter Appeal:** The property owner made renovations to an historic house converted to commercial use in Fairlee. The house is on the national register. An Act 250 jurisdiction determination was made where the District Commission asked the owners to comply with a number of conditions, including the restoration of some features that were destroyed in the renovations per recommendations from HP. The commission followed some of our recommendations but not all. The applicant appealed the requirements the District Commission imposed, so we cross-appealed to have all the requirements included. Noelle assures us she is confident the cross appeal was the right approach. Mainly I want the governor to have a heads up in case he is in that neck of the woods. This story, which gets it most right, ran Saturday:

<http://mobile.vnews.com/home/13585425-108/asked-to-restore-the-past>

- **AnC Bio EB5:** I have been going back-and-forth with Liz on the right approach with the AncBio project. We have arrived at the solution, and will be sending a letter today indicating we need all appropriate documentation by October 10 or we will cancel the MOU.

They are on track to provide it.

LUCY LERICHE, DEPUTY SECRETARY

→ **Confidential**—Lars Hasselblad Torres, Director of the Creative Economy informed Commissioner Gosselin that he intends to step down from the position. Lars is feeling pulled back to attend to his faltering business. He is also feeling unhappy with a bureaucratic environment to which he is unaccustomed. He would like to leave in a couple of weeks, but Lisa asked that he wait until mid-late November; He seems disinclined.

- **Listening Forum on Economic Development:** Lucy attended this event at the request of Saint Johnsbury Representative Michelle Fay. Approximately 20 people were in attendance. Discussion ranged widely between property taxes, tourism and marketing, branding, creative economy, to health care. Senator Joe Benning waited until near the end of the forum to raise health care as an issue and criticized the Governor for this initiative. Lucy offered the reminder that cost containment was at the heart of health care reform, and that the Governor has repeatedly stated that he would not implement a plan unless he thought it would help to moderate the rising costs.
- **Vermont Council on Rural Development Digital Economy Project:** Lucy facilitated a session on resiliency at this well attended conference—300+ attendees. The governor received standing ovations from attendees both before and after his remarks.
- **Manufactured in Vermont Trade Show:** Pat and Lucy were honored to participate in a VIP tour of the Vermont Chamber of Commerce event along with governor Shumlin and Congressman Welsh. 90 exhibitors were present at the supply chain event. Members of the ED team were present including PTAC

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Sunday, October 12, 2014 3:10 PM

To: GPS

CC: Allen, Susan; London, Sarah; Spaulding, Jeb; Richards, Alyson; Miller, Lawrence

Subject: Weekly Reports - Executive Privilege 10 10 14.pdf

Attachments: Weekly Reports - Executive Privilege 10 10 14.pdf; ATT00001.txt

A few notes...nothing earth shattering. Great day for thunder road!

WEEKLY REPORTS

Checklist
10/10/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Brian Searles
- Agency of Human Services – Harry Chen

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

Alyson Richards

- Leg Prep

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: October 10, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

The week has been busy finalizing budgets and narratives and preparing Vt. Enterprise Fund proposals.

Vt. Castings: I met with Brad Determan, CEO of Hearth & Home the new owners of Vt. Castings. Hearth & Home (H&H) is a division of HNI. It was clear from the conversation they will be investing in the foundry in Randolph. They want to move enameling from Bethel to the foundry and believe they will have adequate footprint when the modernize foundry equipment and "lean up" the facility. They expect to invest \$500,000 or more in the next few months. They will be bringing foundry work currently done in Belgium to Randolph and possibly enameling done in Washington state as well. They may move admin and R&D to Randolph to a new small office building they could construct. It was also clear the assembly in Bethel is in jeopardy. H&H has assembly capability elsewhere and do not see the economics of building a new assembly plant in Randolph unless "the state can provide incentives." We are concerned they will not qualify for VEGI due to wages and at this time, unknown job creation. Richard Leon and Jacob Reuben are staying with the company for a while. They also retained ownership of the Bethel facility and the enameling equipment. We will remain close to this situation.

EB5: Friday is deadline day for substantive submittals from AncBio. We are hopeful all will be in order. We are also meeting Friday with DFR about involving them in compliance work.

Digger article: The recent Digger article got picked up by a few on line publications but also a ski industry newsletter. It is also taking its toll on Brent Raymond. We feel quite strongly we need to have something on the Digger web site in rebuttal for the foreign investors who are bound to pick this up. Lisa Gosselin is cleaning up our latest draft for review by Sue and Liz.

IBM rumors are flying. I am hearing regularly from Frank Cioffi who is hearing an announcement next week.

LUCY LERICHE, DEPUTY SECRETARY

- **Working Landscape Partnership Coalition:** The Coalition met and is dedicated to pushing for \$1,575,000 in Working Lands Enterprise funding for FY 2016. (F71)
- **Entergy VY Senate Meeting:** Representative members of the VY State Inter Agency group, as well as Commissioner Mary Peterson and Sarah London met with Senators Campbell, Kitchel, and White to give the Senate leaders an overview of the Administration's work to date regarding decommissioning responsibilities. The group expressed its desire to align with any legislative proposals that might be in the works for the 2015 session. The Senate has no active proposals in the works and agreed to coordinate efforts.
- **Vermont College of Fine Arts Dinner:** The College is doing well and embarking upon the first phase in a multiple year campus redevelopment. The first phase includes the rehabilitation of College Hall, tearing down a parking structure and building faculty housing. There may be Historic Preservation issues. Lucy encouraged college leadership to consult with the Division as soon as possible.
- **VCGI Survey Results:** Alex Ibey completed the VCGI survey within state government. Most encouraging is that all 8 respondents ranked VCGI services as either "good" or "excellent."
- **VCGI Position Scenarios:** As VCGI currently has 6.5 full-time and contractual FTEs, ACCD will absorb at least .5 FTE of work into its operations as part of the integration if we are to ensure no loss of data services. But we will need all six positions to effectively integrate VCGI in to ACCD. We are addressing this in detail in our budget submittal.

FINANCIAL SERVICES ♦ Dan Towle, Director

- **Vermont Wins US Captive Insurance Domicile of the Year:** Dan Towle, Director of Financial Services, reports that Vermont was selected as the top US domicile by Captive Review Magazine. The award was announced at the Captive Live Conference in Chicago this week. A panel of captive experts and editorial staff made the selection. Dan submitted the winning application back in August.



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www.dfr.vermont.gov

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: October 10, 2014
Re: Weekly Report

Susan L. Donegan

Captive Insurance Division:

Vermont was named “Captive Domicile of the Year” this week by the U.S. Captive Services Awards. According to their website, U.S. Captive Services recognizes and rewards “those providers of captive insurance products and services who have outperformed their competitors and demonstrated the highest levels of excellence over the past 12 months.” Judges were looking for “evidence of the highest standards of regulation, accessibility, insured care and efficiency. Innovation in regulatory acts, passed during the official judging period, the number of new formations and growth in premium written” were also considered.

Securities Division:

Commissioner Susan Donegan and her team from the Securities Division met this morning with Secretary Patricia Moulton and her ACCD EB-5 staff to discuss establishing a compliance program to be housed at DFR to support the Regional Center’s projects. DFR presented an outline of various compliance tasks and a regulatory framework that would transfer the securities, regulatory compliance, investor, financial, data gathering and reporting aspects of the EB-5 program to DFR. Marketing and interfacing with federal counterparts would remain at ACCD. ACCD is going to arrange a follow-up meeting for next week after further reviewing the DFR proposal.

Banking Division:

DFR has asked the Congressional delegation to support H.R. 5320 which will direct the U.S. Attorney General to provide state officials with access to criminal history information with respect to certain financial service providers required to undergo state criminal background



From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Sunday, November 23, 2014 12:37 PM

To: GPS

CC: Allen, Susan; Richards, Alyson; London, Sarah; Coriell, Scott; Miller, Lawrence; Spaulding, Jeb

Subject: Weekly Reports - Executive Privilege 11 21 14.pdf

Attachments: Weekly Reports - Executive Privilege 11 21 14.pdf; ATT00001.txt

a few highlights and notes for you

WEEKLY REPORTS

Checklist
11/21/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Sue Minter
- Agency of Human Services – Harry Chen

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding (**no report this week**)
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: November 21, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

EB5: The beat goes on with ANC bio. We are allegedly receiving today the first batch of information requested in the in our November 7 letter. We followed up with a second letter requesting a second batch of information request. Bill is applying great pressure to start construction on the building claiming "125 jobs are sitting waiting to start work." We have told him the sooner he gets the information to us, the sooner we can proceed.

We continue to get complaints from Tony Sutton, investor, regarding the Tram Haus project. We are fairly certain anything he sends us he is also feeding to VT digger. Have not seen anything this week from dinner.

Legislation: We are working on an "Invest in VT" or "economic development" or "working families" package. Finding the right name is important. It is not a "jobs bill" as it includes working families initiatives, as well as business climate and commercial/industrial development. We will be ready to present concepts and specific ideas when we meet with you on December 4.

Healthcare business meetings: We are making progress with one-on-one meetings with businesses to review healthcare financing options and learn their employer response. Today we are meeting with Jerry Tarrant at MyWebGrocer and Bram Kleppner of Danforth pewter. We have a meeting with Burlington Labs next week. We are working on setting up meetings with National Life; Mike Comeau of the Richmond, Johnson, Waterbury markets; Bill Strizler of Smugglers Notch and KSE. Dick Marron at Town and Country Resort respectfully declined to participate. I am holding on Pal Borofsky due to distance.

Windham County Economic Development Program: I spoke with Kate O'Connor who agrees that if we go out with only a few projects, there are those in town government who would clearly support that. I also had a conversation with a couple of other trusted source. The consensus is the list of projects is not good. They advocated cutting the list off at a certain point, or coming out with the handful of projects we want to fund with very clear reasons as to why we wouldn't fund others. All agreed that spending the 1.975 million because we had this process is not a good investment of funds, and we should be prepared to take the heat. I am a bit concerned that VEPC and others who've been deeply involved in reviewing applications and meeting deadlines (in state government) for this process may get frustrated that we didn't make the call earlier. Arguably we knew three months ago what the list of projects and could have pulled the plug then. However I think there's a defensible argument for letting the process work to see where we needed to tweak the process.

Vermont College of Fine Arts: We are hearing whining from VCFA re: our historic preservation review. They spent three months in denial about needing an Act 250 permit, they did not involve us in any planning on the redesign of their historic buildings and now they are panicked. Noelle and Laura Treischmann, SHIPO are working closely with their folks negotiating options. VCFA indicates they have a \$1 million dollar grant in the wings waiting for a decision. We are doing the best we can but wished they were clearer on the process, their consultants should have known about this process!

Lucy Leriche, Deputy Secretary: Lucy is in Austria on the biomass, renewable energy investigation with Chris Recchia and Mike Snyder.

CHIEF MARKETING OFFICE ♦ Heather Pelham, Marketing Manager

- **SOV Website Template:** Presentations of the new template this week included the statewide marketing group, which includes communications staff from throughout state government. A dozen+ agencies and departments were represented and both the look and feel changes and added functionality/flexibility of the new template were



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Department of Financial Regulation
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 [Banking] 888-568-4547
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CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: November 21, 2014
Re: Weekly Report - Addendum

Susan L. Donegan

EB5 Compliance Program

A Memorandum of Understanding (MOU) between the Agency of Commerce and Community Development and DFR is in final draft form, which will assign EB5 project approval and on-going compliance functions to DFR. Sarah London has reviewed the draft written by DFR. The next step is for ACCD to review this proposed program with the U.S. Citizens and Immigration Services (USCIS) in order for USCIS to approve the delegation of functions. Once necessary approvals are secured, DFR will initiate the hiring process to add an examiner and an analyst to the Securities Division staff. DFR will also utilize existing staff members from its Legal and Banking divisions, as needed (for example, bank secrecy review is a skill that exists in the Banking Division). DFR will absorb the cost of these new positions until sufficient fees are generated by the EB5 program. Jim Reardon has reviewed these new positions as part of DFR's budget projections. The draft MOU is being sent to Secretary Moulton and her staff today.

Let's decide when to announce.



From: Mishaan, Jessica [Jessica.Mishaan@state.vt.us]

Sent: Friday, December 12, 2014 4:55 PM

To: Richards, Alyson; Miller, Elizabeth; Allen, Susan; Spaulding, Susan; Kunin, Lisa; Trombley, Shana; Carrier, Janis; Clasen, Michael; Spaulding, Jeb; London, Sarah; Nease, Floyd; Miller, Lawrence; Gray, Laura; Coriell, Scott; Johnson, Justin; Johnson, Harriet; Green, Geoff

Subject: Weekly Reports - Executive Privilege

Attachments: Weekly Reports - Executive Privilege 12 12 14.pdf

Weekly Reports - Executive Privilege

Please find the attached.

Have a great weekend everyone!

Thanks,
Jess

Jessica Mishaan | Paralegal
Office of the Governor
109 State Street
Montpelier, VT 05609-0101
802.828.3333

WEEKLY REPORTS

Checklist
12/12/14

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Sue Minter
- Agency of Human Services – Harry Chen

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Jeb Spaulding

Susan Spaulding

- Boards and Commissions – Susan Spaulding
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: December 12, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

HIGHLY CONFIDENTIAL EBS: We have sent another letter to AncBio requesting information needed to determine if all material disclosures have been made. We gave another deadline of January 9. We have received a subpoena for documents from the SEC for documents on AncBio Korea, AncBio Pharm and Jay Peak Biomedical Research Park. No subpoena yet for a deposition of Brent Raymond but that is expected. We are getting substantial push back from attorneys when requesting information to clarify investor complaints. And push back on a records request from an attorney in St. Johnsbury re: Q Burke. There is a less than cooperative nature to our communications lately which suggests they are “lawyering up” for the future.

Historic Preservation issues: VCFA: Tom Greene of Vt. College of Fine Arts and I have spoken. We are waiting for more information from VCFA to make a final determination as to impact. It is likely we are fine with what they have proposed, but we cannot get all the details on what they are planning. We are sending an email detailing all that is outstanding. Much of what we need has been requested by the District Environmental Commission as well. I have asked staff to expedite the review and they are doing that.

VTel: We are continuing to try to work with VTel on a solution for the Middlebury Congregational Church. There remains concern for the impacts particularly since there has been an AT&T facility in the same church, using the existing windows for 10 years. Our DHP staff is working with their consultant to try to find a compromise.

Windham County Economic Development Program: We have notified the winners of the 2pm press conference on Friday, December 12. They will be attending. We are dropping the “sorry you did not get an award” emails at between noon and 1 pm Friday. They include details as to why they were not funded. Fred Kenney and I will be accompanying the Governor at the press event. We have asked some “friends” to be there and Kate O’Connor is working on some friends. We expect a fair amount of blow back after tomorrow’s event. SBDC is ready to work with us on contract to provide technical assistance. I am getting good feedback on changes to the process with more to come after the presser Friday.

Dealer.com: Lisa Gosselin followed up on tip by Mike Lane that Dealer is looking to hire 70 programmers and may do so in Texas because the talent pool here is shallow. Mike Lane recently left Dealer (early retirement) but followed up with Dealer recruiter Trygve Cossette and had an in-depth conversation about Dealer’s needs and what the state can do to help. Dealer does plan to hire 25-40 new people here in Burlington but the top level, experienced programming talent (six-figure hires) is not available here and cannot be trained in a time frame that meets their immediate needs. In terms of longer-term pipeline of talent, Dealer has worked well with Champlain but has been frustrated by lack of cooperation UVM has shown. Lisa discussed with UVM’s John Evans and is arranging a meeting with Provost Dave Rosowsky for next week. Trygve is also working with his executive team to set up a meeting with the state to discuss recruitment and workforce training.

LUCY LERICHE, DEPUTY SECRETARY

- **CONFIDENTIAL - Vermont Strong Scholars:** Lucy convened a group to begin talking about the marketing of this program. Neither VTC nor VSAC feel comfortable investing dollars into a marketing effort until a funding source is identified and/or committed. They are concerned about driving students to action, and then not being able to deliver on the promise. Lucy suggested there may be interest from individual businesses to partner with the state on this program. Lucy and Dan will compile a list of employers and begin making visits to gauge interest. In the meantime, the CMO’s office will work on sketching out some preliminary messaging materials. Lucy will also work with ACCD internal legal staff on writing up the proposed statutory clarifications that will be needed to implement the program.

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: December 19, 2014
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

EB5: I am meeting this morning with Bill Stenger on AncBio. I had hoped this could be more informal with just Bill, Brent and I. However Bill is bringing not one but three lawyers! We are in listening mode. They indicate their bringing us all the information we requested. We will go through that slowly and carefully and I'll be asking lots of questions. I will follow up with Liz after the meeting.

Global Foundries: I think the meetings on Thursday went well. Hope you got positive feedback. Will prepare a follow up package for them which includes information about training, incentives, education and workforce development.

VtTel: After our meeting with Michel Guite and his team, I chatted about the historic preservation issues. Gordon Matthews indicated he had provided more information than I was aware of. I asked him to be sure to send that to me and I have not heard anything. My HP team reports we're still waiting on information from them and nothing has been filed recently.

Vermont College of Fine Arts: This is another historic preservation issue because they need an Act 250 permit and Section 106 (federal) review is required due to their USDA financial guarantee. Tom Greene, President of the VCFA is under the incorrect impression that we nominated his building for inclusion on the National Register of Historic Places without his knowledge. He has been consulting developers and attorneys about whether we did that properly. I have explained to him twice verbally and once in writing after he sent me a lawyers opinion that we violated federal law nominating his building, that we have not nominated him for the national register, but rather determined, in accordance with Act 250, whether his properties are *eligible* to be on the national register. A determination of eligibility is a statutory requirement. That is done through the Advisory Council for Historic Preservation. Tom is pushing back a great deal on providing this information because he believes one of the buildings the council has deemed "contributing" is not historic as it was built less than 50 years ago. We keep explaining age is not the only criteria considered when determining whether or not a property is historic or "contributing". I keep asking him to get the information we need. My HP team is telling me that we likely will have a few problems with his plans. This week we received the documents we need to complete the Act 250 review.

Windham County Economic Development Program: I met with VEPC this week to explain the thinking around the reduced list of grant and loan awards. They all seem to understand and be supportive. One big question is how will we involve VEPC in the "reboot" of the program. Stephan Morse thinks it would be good to have all loans continue to go through them even if we have an open application for loans. Fred Kenny and I are taking their comments and others and will recommend a series of changes. Would like to get this wrapped up by the end of January.

Note: it's expected we will have a skeleton crew in the agency the Friday after Christmas and the Friday after New Year's. I'm planning on taking those two days off but will be available and may stop into the office. **HAPPY HOLIDAYS AND MERRY CHRISTMAS TO ALL!**

LUCY LERICHE, DEPUTY SECRETARY

- **Rep. Botzow:** Pat, Lucy and Lisa met with Representative Botzow to discuss the upcoming legislative session. The ACCD team gave an overview of progress made on legislative mandates from the last session, the status of various reports, as well as some technical changes to existing statute, namely Vermont Strong Scholars and VEGI. The team explained that things are still not finalized with the budget, so any new initiatives are still unknown. Bill said he had a drafting request in, and will be collecting ideas to include in his bill and will have David Hall from legislative council get in touch with ACCD leadership to include our ideas.

CEDS: Lucy and Pat are making arrangements for Commissioner Gosselin to present the CEDS to the General Assembly, and would like to have the opportunity to present it at an Extended Cabinet meeting as well. The

Good idea — Justin

From: Miller, Elizabeth [Elizabeth.Miller@state.vt.us]

Sent: Sunday, January 25, 2015 2:30 PM

To: GPS

CC: Richards, Alyson; Allen, Susan; London, Sarah; Coriell, Scott; Johnson, Justin; Miller, Lawrence

Subject: Weekly Reports - Executive Privilege 01 23 15.pdf

Attachments: Weekly Reports - Executive Privilege 01 23 15.pdf; ATT00001.txt

Gov: here are weeklies, minus Rebecca who was a bit late; I read through hers and didn't see anything you didn't already know, but Aly if i'm wrong please highlight and send along? Not much highlighted herein that is new or troubling. Justin is running down the prevailing wage issue, fyi, and will have more info for you early this week. Liz

WEEKLY REPORTS

Checklist

1/23/15

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Sue Minter
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Susan Spaulding

- Boards and Commissions – Susan Spaulding (**no report this week**)
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: January 23, 2015
Re: Weekly Report

LEGISLATIVE ACTIVITY

- **Budget Adjustment Act:** Testimony on budget adjustment in House and Senate approps went fine. We seem to stray off topic as is typically the case.
- **Tourism Funding Report:** Lucy reviewed the Tourism Funding Report in the Senate Economic Development Committee. There was initially some disappointment and skepticism about this actually having the desired result of more funding for marketing. Senator Mullen made it clear that they may decide to advocate for a stronger funding commitment.
- **Legislative:** On 1/15 Lisa submitted a report on “Financing and Networking Events” per Act 199 and testified on the report before House Commerce that same day. The gist of the report and the testimony is that access to financing alone is not the key issue in Vermont: what is needed is a combination of business coaching and knowledge about how to best present a business plan and whom to approach for financing. Lisa also testified on the One Stop Shop portal along with Secretary of State Condos. The SOS’s office has led the way with a compliance web site and ACCD is working with partners to map technical assistance, financial assistance, workforce assistance and site/permitting assistance. On 1/16 Lisa testified before Senate Economic Development providing an overview of the department and highlighting the growth of our programs as revenue centers.
- **House Commerce Committee Testimony:** Dan Towle, Director of Financial Services testified in House Commerce along with Dave Provost, Deputy Commissioner of Captive Insurance. They testified for over an hour and a half giving an overview of captive insurance at a very basic level due to the many new committee members. The committee was very interested in captive insurance and grateful for the overview.
- **Testimony in House Commerce and Economic Development Committee:** Noelle provided an update on the technology infrastructure addition to the tax credits that is in Act 199. The committee would like us to monitor what businesses are using those buildings that received the credit, so we are working on determining how best to accommodate their request.
- **9 (L): Chris monitored Act 250, 9(L) Hearing.** In a joint hearing, the Senate Committees on Economic Development and on Natural Resources took testimony on the results of the new Act 250 criteria intended to efficiently use land and infrastructure and curb strip development. Over 15 witnesses testified, representing a range of advocacy groups from the Vermont Chamber to VNRC. Development consultants, realtors, local government officials and citizens commented on the law as well. Testimony fell squarely into pro and con camps and is summarized below.
 - Supporters stated that strip development wastes land and energy, costs taxpayers money and degrades Vermont’s quality of life, its brand and environment. They offered evidence that the provision is working as intended and showed that permitting new sprawl development harms community centers and undermines the state’s investments and efforts to revitalize these areas.
 - Opponents agreed that sprawl development was not good for Vermont, but believed the new law (and subsequent guidance to evaluate if projects contribute to sprawl --or not) is unclear. They assert this ambiguity is killing projects before they get off the ground, which hurts Vermont’s economy. They feel amendments are needed for the law to work as intended, but offered no specifics.

Both sides agreed that changes to Act 250 (or any law) require time to implement, but disagreed about how long that takes (testimony stated anywhere from 1 -5 years). While the implementation timeline can be debated, it was clear that education would help everyone come to a common understanding of this new provision and how to design projects that minimize strip characteristics. The next steps of this conversation are uncertain, but the Senate Committee on Natural Resources has jurisdiction over Act 250 and they are expected to take additional testimony (separate from the Committee on Economic Development). Several Senators have reached out and asked why they are spending time on this, given projects are moving forward and it is so new – there are so many other issues and they can’t understand wasting time on this one. Tony Klein sees this as a non-issue.

- **TMDL Water Quality Initiatives:** Noelle joined leadership from ANR, Ag, and AOT in a meeting with Speaker Smith and the chairs of House Fish and Wildlife, Ways and Means, Ag, and Appropriations to discuss how the

gov

package of initiatives moving forward to clean up Lake Champlain and meet our agreement with EPA around total maximum daily load (TMDL) targets. This is definitely collaborative efforts between the executive and legislative branches. ANR will be requesting a similar meeting with Sen. Campbell to ensure that those committees have time to work on the bills that come over from the House.

- On behalf of the Housing Council, Jen presented the Report on **Vermont's Renter Rebate Program** to House Ways and Means Committee. Committee members were engaged but somewhat skeptical. The Committee has long had concerns about the program, which prompted the required study. In addition to presenting the Council's recommendations for improvements to the program, urged committee members to keep the impact on the cost of housing in mind as they deliberate over property tax reform.
- **Mobile Home Park Bill:** Rep. Bill Botzow is drafting an expansive mobile home park bill that would require the Department to create a system for licensing mobile home parks, create an electronic reporting system for habitability, expand our enforcement authority and require us to determine reasonable rent increases. A meeting with the Chairman and Legislative Counsel is scheduled for Friday. We will share our concerns with the bill and offer an alternative approach based on the recommendations of our 2013 mobile home park study.
- **Misc Tax Bill:** We think there has been some cross communication with Tax on the 10% property tax adjustment on certified multifamily homes. Jen worked with Mary last year to save this. Jen and Mary talked this year but Jen never saw the language until the bill was submitted. As submitted, this year's bill eliminates it unless a municipality asks for it, which is unlikely. Jen will be connecting with Mary to try to straighten out.

PATRICIA MOULTON, SECRETARY

Vermont Enterprise Fund: We hear Cynthia Browning may introduce an amendment on the floor to enable Mack molding to access VEF funds. Lucy and I will work to garner support to kill any amendment.

I meeting with GW plastics Friday, I expect this will come up. We are in communication with Janet Bombardier about the R&D benefit for IBM/global foundries. She's going to be running it through her corporate team. She's also inquiring about VEGI. Not for purchase of campus thankfully, but for future expansions.

EBS: We're working with Susan Donegan and her team on reviewing the ANC bio materials. I've informed Alex MacLean that this review is happening with DFR. I've also been talking with Alex to try to keep this moving forward. The latest round of information we got from Jay peak follows their pattern of giving me giving us some of what we need but not all. Alex has shared her frustration, and I have shared mine. Alex and I seem to be making progress. We are moving toward a meeting with DFR to lay out what we need for compliance.

Windham County Economic Development Program: Fred Kenney and I are making progress on the rewrite of this process. I'm going down to Brattleboro February 5 for a series of meetings. I want to connect with you on the updates in mid-February.

Agency of Education: Started a great conversation with Rebecca and her team regarding the alarming population declines. We're going to work more closely together on appropriate education data to assist in economic development. We are going to continue to discuss strategies. This will likely lead to a broader conversation about strategies with other agencies. Stay tuned for more.

LUCY LERICHE, DEPUTY SECRETARY

- **VCRD's Economic Opportunity through Combating Climate Change Initiative:** Lucy did a community television spot promoting the upcoming Summit with Paul Costello and Ross Snead. The VCRD Board voted to approve the members of the Economic Climate Change Commission. From the Administration, Lucy and Sue Minter will be part of the Commission.

DEPARTMENT OF ECONOMIC DEVELOPMENT: Lisa Gosselin, Commissioner

- **Way to GO DED!!** It's annual report time and there's good news: Every Department of Economic Development program hit it out of the park this past year. This past year we've seen significant growth in the dollar volume brought to the general fund (\$24.3M in Captives and \$2.4M in VEGI long term payroll tax revenue,) to businesses (\$103M in contracts via PTAC, \$4.7 million via VEGI, close to \$1M via VTP, close to \$100M in new EB-5 projects in the queue) and to Vermonters (2,184 workers went through the Vermont Training Program and received, on average an 11.2% wage increase; EB-5 projects created more than 1600 direct and indirect jobs). Not

press conf?



State of Vermont
 Department of Financial Regulation
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 [Banking] 888-568-4547
www.dfr.vermont.gov

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
 From: Susan L. Donegan, Commissioner, Department of Financial Regulation
 Date: January 23, 2015
 Re: Weekly Report

Susan L. Donegan

Captive Insurance Division:

The Captive Division kicked off the new year by licensing a new captive insurance company bringing the number to 1030. Emergency Physician Insurance Exchange was established in Nevada in 2003 and is now redomesticating to Vermont. The members are emergency medicine specialists who contract with hospitals to deliver and manage professional services.

Insurance Division:

Commissioner Susan Donegan has been appointed vice chair of the National Association of Insurance Commissioners (NAIC) International Insurance Relations Committee. The committee coordinates the NAIC's participation in international discussions on insurance regulatory matters and standard setting issues. It also manages international insurance matters with federal agencies including the U.S. Treasury and the Federal Reserve Board.

Banking Division:

Cynthia Stuart will begin working on Monday as the deputy commissioner of the Banking Division. Ms. Stuart has 18 years of experience in the retail/community side of banking and she brings both current operations and senior management skills to the job. She has worked at several federal community banks in New Hampshire, some of which have branches in Vermont. A native of the Northeast Kingdom, she lives in Concord.

Securities Division:

DFR and the Agency of Commerce and Community Development have begun working together on EB-5 issues. DFR is in the process of reviewing the amended private placement offering memorandum for ANC BIO and anticipates meeting with project personnel soon.



From: Springer, Darren [Darren.Springer@vermont.gov]

Sent: Saturday, February 06, 2016 9:49 AM

To: GPS

CC: Johnson, Justin; Miller, Lawrence; Allen, Susan; Coriell, Scott; London, Sarah; Gray, Laura; Pepper, James

Subject: Weekly Reports - Executive Privilege 02 05 16.pdf

Attachments: Weekly Reports - Executive Privilege 02 05 16.pdf; ATT00001.txt

Highlighted Weekly Attached.

Gov - See notes on EB5 and a Quebec prospect in ACCD upfront. Also check out estate tax update in Tax section.

Gov and Sarah - just FYI see Recchia note on Yankee upfront in PSD section.

Gov and Lawrence and Scott and Sue - VHC report in AHS says COC backlog down to 4379 as of Thursday, well over 1,000 processed.

Pepper - see notes throughout on marijuana legislation in Transportation, AoA, and Tax.

Thanks, have a great weekend,
Darren

WEEKLY REPORTS

Checklist

2/5/16

Darren Springer

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Financial Regulation – Susan Donegan
- Public Service Department – Chris Recchia
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Education – Rebecca Holcombe
- Agency of Transportation – Chris Cole
- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Jim Giffin

TBD

- Department of Labor – Annie Noonan
- VT Commission on Lottery – Greg Smith

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: February 5, 2016
Re: Weekly Report

PATRICIA MOULTON, SECRETARY

GOVERNOR'S PRIORITIES:

- **Westminster Cracker:** I have been reaching out to Bob Abramowitz of Westminster Cracker. He is extremely upset about paid sick leave, and the proverbial "death by 1000 cuts." Westminster recently bought Dr. Lucy's Cookies in Virginia and is thinking about moving it to Vermont with its 50 jobs. Paid sick leave was causing him to reconsider and even consider moving Westminster out. We helped him understand he already complies with the law so would have little burden other than administration. However, he says his Chicago based Board of Directors thinks Vermont is "socialist" and wonders why the company is here. He wants Vermont to have more drug testing in the workplace like other states where he operates. He does what to hear what we can do to help move Dr. Lucy's to Vermont. The Rutland delegation is plugged into his issues with both Senator Mullin and Representative Terenzini reaching out to him.
- **Milk Money:** Janice Shade and Luisa Schibli have successfully launched Milk Money, a new crowdsourcing funding resource for Vermont businesses and Vermonters wishing to invest in Vermont businesses. They are doing a presser next Wednesday, Joan will be in attendance. VSECU has taken an equity position in the new fund. They are using Vermont's Small Business Offering Exemption to facilitate these investments. They speak highly of DFR and the team there.
- **Environmental Action Network:** The Clean Energy Finance Initiative steering committee of EAN is meeting today to finalize recommendations. The two recommendations include creating a new coordinating "bureaucracy" (my word) at VEIC, and creating a new position in the governor's office to coordinate state agencies. I have been working with John Copans and we are going to say we don't think either of these are necessary. The recommendation seeks to also use "revenues from the carbon tax" to help finance clean energy projects.
- **Jay Peak and EB5:** We are at the almost final requisition phase with Q-Burke. Bill Stenger has been emphatic we need to approve this requisition to get open by Presidents week. They have no funding in the escrow account to pay this requisition. But also PeakCM have entered in to an agreement that PeakCM will not release the final Certificate of Occupancy to Q-Burke until Peak gets assurance all of the retainage in the last requisition (which is most of the requisition, approx. \$2.9 million) is approved by DFR. Mind you, the original contract between Peak and Q-Burke indicated the CO must be released BEFORE the retainage. So this may be a battle. Peak also wants payment of legal fees the incurred fighting the State and interest on payments not yet released by us.
- **Legislation:** We have successfully gotten the regional Council of governments (COG) enabling legislation to a better place. House Government Ops is supposed to vote it out this week. I do not know what its prognosis is. This is being pushed by some regional planning commissions.
- **H507, water quality compliance for economic development incentives:** I Believe we have successfully moved that bill to request State agencies to develop a self-certification process for our state funded grant an incentive programs. Justin Johnson and Trey Martin will have more detail.
- **Marijuana:** I am testifying this morning in the Senate economic development and requesting that they add to the list of deliverables for the Review Commission the need to examine how to enable drug testing after a workplace incident targeted at those occupations responsible for Public Safety or could potentially harm coworkers. I will be speaking in favor of the bill. I am getting pushback from AIG, and I expect other employers.

LEGISLATIVE ACTIVITY

- **Planning & Solar Siting:** Noelle met with Senator Bray on planning and solar siting. He feels that local and regional planning is a path to pursue per the recommendations in the Solar Siting Task Force. Noelle suggested that clear and consistent requirements be included to provide clarity and direction. A follow up meeting with PSD is set to discuss this issue and ensure we are all on the same page.



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 [Banking] 888-568-4547
www.dfr.vermont.gov

CONFIDENTIAL and PRIVILEGED

To: The Honorable Peter Shumlin, Governor
From: Susan L. Donegan, Commissioner, Department of Financial Regulation
Date: January 9, 2015
Re: Weekly Report

Susan L. Donegan

Securities Division:

As reported to Liz Miller Thursday, the Agency of Commerce and Community Development received the "green light" from federal authorities to proceed with the plan to move EB-5 compliance to DFR. Secretary Pat Moulton and Commissioner Susan Donegan will be communicating with the Administration on how and when to release this information publically.

Banking Division:

The Commissioner has finished interviewing applicants for deputy commissioner of the Banking Division and is about to offer the position to the most qualified candidate. It is anticipated that the new deputy will begin working within the next 30 days.

Plans to merge the Bennington E/E Federal Credit Union into Vermont State Employees Credit Union have been unanimously approved by both boards of directors. It must now be approved by each membership, which will take place at the Bennington E/E Credit Union's annual meeting in February and the VSECU annual meeting in March. It then must be approved by DFR and the National Credit Union Administration (NCUA). Located in Bennington, the Bennington E/E Credit Union has one branch and 500 members. It will become VSECU's 11th branch office.

Insurance Division:

The U.S. Congress passed legislation Thursday to reauthorize the Terrorism Risk Insurance Act (TRIA), which provides a federal "backstop" for insurers in the event of a catastrophic terrorist attack. The program, which began in 2002, guarantees that the federal government will pick up insurers' cost for any terrorist attack that costs more than \$100 billion. This is an important safety net for captive insurance companies as well as traditional insurance companies. Senator Leahy and Congressman Welch voted in favor.



From: Mishaan, Jessica [Jessica.Mishaan@state.vt.us]

Sent: Friday, February 13, 2015 5:07 PM

To: Richards, Alyson; Miller, Elizabeth; Allen, Susan; Spaulding, Susan; Kunin, Lisa; Trombley, Shana; Carrier, Janis; Clasen, Michael; London, Sarah; Nease, Floyd; Miller, Lawrence; Gray, Laura; Coriell, Scott; Johnson, Harriet; Green, Geoff; Johnson, Justin

Subject: Weekly Reports - Executive Privilege

Attachments: Weekly Reports - Executive Privilege 02 13 15.pdf

Weekly Reports - Executive Privilege

Please find the attached.

Have a great weekend everyone!

Thanks,
Jess

Jessica Mishaan | Paralegal
Office of the Governor
109 State Street
Montpelier, VT 05609-0101
802.828.3333

WEEKLY REPORTS

Checklist
2/13/15

Elizabeth Miller/Alyson Richards

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Labor – Annie Noonan
- Department of Financial Regulation – Susan Donegan
- Agency of Education – Rebecca Holcombe
- VT Commission on Lottery – Greg Smith

TBD

- Agency of Transportation – Sue Minter
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Agriculture – Chuck Ross
- Agency of Natural Resources – Deb Markowitz
- Public Service Department – Chris Recchia

Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Susan Spaulding

- Boards and Commissions – Susan Spaulding (**no report this week**)
- Department of Liquor Control – Mike Hogan

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: February 13, 2015
Re: Weekly Report

LEGISLATIVE ACTIVITY

House Commerce is on a tour of central and southern Vermont on Tuesday. They will be stopping at GW plastics and then moving onto White River and Springfield. I will be joining them at GW plastics. This is helpful to show Ben Riehl "love".

Senate and House Economic Development Bills: Pat and Lucy met with Senator Mullin to discuss our position on the additional initiatives in the Senate bill beyond those we are recommending from the Administration. There appears to be resolution and agreement on all but the Angel Investment Tax Credit, which we remain neutral on until we have more information around what the budgetary impact would be. As for the others, he agreed to remove the sections on Strategic Employers and dedicated funding for VTP through VEGI, and was pleased with Pat's suggestion that we substitute his new program for advanced manufacturing and IT with an enhanced VEGI credit for those sectors as we currently offer for Green Energy.

Testimony H. 49: Senate Natural Resources requested information on why ACCD would care about water quality. Noelle outlined our interests regarding tourism passive and active recreation, quality of life, land use and planning, economic development, etc. Also shared that the Governor tasked us with working together at the outset of this administration and we have done that through multiple projects and efforts over the past 4 years. Outlined how we would support land use planning, low impact development and education through Community Planning and Revitalization's work to help with outreach as well as implementation of new water quality requirements. Also mentioned that we were sensitive to the costs and wanting to make sure that they supported our land use goals and did not drive development outside our centers. Only direct suggestion to the bill was in regards to requirements in the bill for basin planning. Noted that there are many plans and our experience with flood work, the plans needed to be integrated (basin plans, town plans, river corridor plans...) and focus on implementation.

9 (L): At the joint hearing with Senate Economic Development and Natural Resources last month on 9 (L), Chris Cochran reached out to the Ferrisburg select board members and offered our assistance with helping them determine how best to market the property at Route 7 and 22A. The Vice-Chair of the Select Board followed up with Noelle and she offered to meet with the Select Board and Planning Commission to offer options and in prep would meet with other agency staff and reach out to others such as VNRC, RPC and RDC. Hosted a meeting with ANR, NRB, AOT and VNRC and discussed the history of the site, conveyances, easements, local zoning and discussed options. We have a list of options, have reached out to the RDC and have a meeting with the RPC and are working on scheduling the meeting in Ferrisburg.

H.25: A bill relating to Natural Burial Grounds: We testified in House General and outlined our concerns and will follow up later this week on suggested changes to the bill to address our concerns. DEC and Dept. of Health have also testified and will be providing guidance on safe distances from potable water and hopefully river corridors. They are taking more testimony this week and it appears like the Chair would like to move this forward.

Vermont Council on Native American Affairs: Three tribes have received state-wide recognition. A fourth tribe has been trying for recognition for over a year and recently their application was rejected by the VCNA. Representative Masland is a member of the tribe that was rejected and asked to meet with Laura, Dale and Noelle. He outlined issues he saw with both the application and the process and was seeking our guidance on the statute and next steps which we provided.

H.123 Mobile Home Park Bill: With Shaun Gilpin in attendance to monitor, Rep. Bill Botzow presented his mobile home park bill (H.123) to the House General, Housing and Military Affairs Committee this week. Jen has been asked to testify on the bill next Tuesday and sent a bill review with recommended position to the Governor's office.

Disposal of Tenant Property: House General, Housing and Military Affairs is working on a draft committee bill comprising two legislative fixes it considers technical. Section 1 clarifies the timeline for disposing of tenant

property after an eviction. It is intended to address an inconsistency identified in a recent decision by the Vermont Supreme Court (*JW, LLC v. Ayer*), more precisely, in a footnote by Justice Dooley. Jen and Dale monitored, reviewed the draft and made a position recommendation to the Governor's office.

Vermont Housing and Conservation Coalition Day: Jen also with Noelle, attended the opening session of the Coalition's legislative day at which Governor Shumlin, Lt. Gov. Phil Scott, Speaker Smith and President Pro Tem Campbell addressed, encouraged and thanked the group.

Cloud Tax: Lisa worked with Jeff Couture to help recruit businesses to testify in Senate Finance on the cloud tax.

CONFIDENTIAL: Lisa and Deputy Secretary Lucy Leriche reviewed the Department of Economic Development budget with Representative Kathy Keenan of House Appropriations on 2/10 and Lisa met with her again on 2/11. Lisa and Secretary Pat Moulton also met with Senator McCormick. Both are looking for additional areas to cut, particularly staff.

PATRICIA MOULTON, SECRETARY

EB5: The new arrangement with DFR is working wonderfully. They are very much on top of the AncBio situation. John Kessler and Brent Raymond continue to have phone calls with the SEC. SEC questions are getting fewer and conversations shorter. Not sure what that means.

Act 250: I have started a close working relationship with Jon Groveman at the NRB. Jon and I discussed a problem in District 5 (Central Vermont) related to Jeff Cueto a member of the commission and former ANR water quality employee. It appears Jeff is trying to impose conditions on water withdrawal for a permit at Smugglers Notch which extends beyond current water withdrawal rules. ANR is opposed to these conditions yet Ron Shems made a determination to support the district commission in Smuggler's appeal to the environmental court. The problem is if the judge upholds these conditions, it imposes new water withdrawal standards potentially on every ski area. The water withdrawal rules were hard-fought many years ago. Further, there are procedures for amending the rules. Jeff has intimate knowledge of the rules and it appears that he is imposing his own personal preference versus following the rule making procedure. John and I are brainstorming on ways to fix this. I think John will do a good job.

Budget: We have been doing budget meetings with Sen. McCormack who is our budget liaison in Senate appropriations. He is new to appropriations, new to the budget process, and new to ACCD. He is already told us if the choice is to cut human services or cut us, he will advocate to cut us. Not helpful! We will work with other members of the committee, and watch them very closely. I will give Jim Reardon a heads up on this as well.

Business outreach: I met with Tim Lizotte at Champlain Cable this week. He was pleased as he said "no Governor or state official has ever visited us" and that is now corrected. He is deeply concerned for any income tax proposal to fund single payer, delighted it is off the table for now. And workforce availability is another concern. I also met with three other businesses as part of a Colchester tour this week.

I reached out to Mr. Traudt of Green Mountain Defense Industries, a contact that came to Liz via Rep. Masland. Mr. Traudt is operating now out of Stephens Precision in Bradford and he alleges he can expand. Apparently we have heard this before. He is frustrated because every bank and lender wants a personal guarantee to lend money. I explained that is standard practice and it will be difficult to find a lender who won't want that. He claims North Carolina will offer him \$500,000 in equipment loans without a personal guarantee and he has an investor who will invest if he moves the company to North Carolina. He explained he "has a meeting with the Governor's office and the congressional folks, I will see what they can do." I recommend the Governor NOT meet with him.

LUCY LERICHE, DEPUTY SECRETARY

- **NCIC 40th Anniversary Celebration:** Lucy represented ACCD at this event in Saint Johnsbury where the Governor and Senator Welsh offered inspiring remarks in addition to several businesses who had high praise for the assistance they received through NCIC.

KEN JONES, ECONOMIC RESEARCH ANALYST

From: Mishaan, Jessica [Jessica.Mishaan@vermont.gov]

Sent: Saturday, October 10, 2015 7:49 AM

To: Allen, Susan; Kunin, Lisa; Trombley, Shana; Carrier, Janis; Clasen, Michael; London, Sarah; Miller, Lawrence; Gray, Laura; Coriell, Scott; Johnson, Harriet; Green, Geoff; Johnson, Justin; Springer, Darren; Gingras, Jessica; Pepper, James; Dudley, Jahala

Subject: Weekly Reports - Executive Privilege

Attachments: Weekly Reports - Executive Privilege 10 09 15.pdf

Weekly Reports - Executive Privilege

Please find the attached.

Have a great weekend everyone!

Thanks,
Jess

Jessica Mishaan | Paralegal

Office of the Governor

109 State Street

Montpelier, VT 05609-0101

802.828.3333

**Please note new email address: jessica.mishaan@vermont.gov

WEEKLY REPORTS

Checklist
10/9/15

Darren Springer

- Agency of Commerce and Community Development – Patricia Moulton
- Department of Financial Regulation – Susan Donegan
- Public Service Department – Chris Recchia
- Agency of Human Services – Hal Cohen

Sue Allen

- Agency of Education – Rebecca Holcombe
- Agency of Transportation – Chris Cole
- Agency of Agriculture – Chuck Ross
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Sarah London

- Department of Public Safety – Keith Flynn
- Agency of Administration – Justin Johnson

Jessica Gingras

- Boards and Commissions – Jessica Gingras
- Department of Liquor Control – Jim Giffin

TBD

- Department of Labor – Annie Noonan
- VT Commission on Lottery – Greg Smith

To: Governor Peter Shumlin
From: Patricia Moulton, Secretary - Agency of Commerce and Community Development
Date: October 9, 2015
Re: Weekly Report

PATRICIA MOULTON, SECRETARY:

GOVERNOR'S PRIORITIES:

- **GS Precision:** Things are progressing well on the project. We now have a tentative closing date for mid-December. I'm working through the issues of ACCD lending vs. granting with Sara and Jim Reardon.
- **Aeolus Mountain Hotel and Spa:** I met this week with three individuals planning a \$44 million, 80 room hotel, 160 seat restaurant and spa in Manchester. This is a very large financing and I have concerns about the ability for them to pull it off in the timeframe they hope. They want to start construction in the spring. The project would create 90 full-time jobs. They want to specialize in locally sourced food, creating a Vermont experience that connects guests to the area and a high end experience. It sounds like an exciting project, I just have concerns about financing. They may need to slow down to raise more equity.
- **Emergency Board:** We thought we had a bit more time with the board meeting moved to the 19th. But now I'm hearing that Janet Ancel and Tim Ashe will be traveling starting next Tuesday until the following Sunday therefore JFO wants materials today to send out. We have materials ready but they have not been reviewed and signed by the Governor. I will be forwarding those to Steve as drafts. Global Foundries is not ready to come in on the 19th and would like an emergency board meeting in December. I have corresponded with Darren and we're working on setting that up.
- **Vermont PBS:** I learned this week Vermont PBS will be running a series on Innovation in Vermont. It is still in the drafting stages but is ago. This will help us with our marketing efforts and will pair nicely with the economic development marketing work Joan and team are preparing.
- **Green Mountain race track in Pownal:** I met this week with Steve Soler who is trying to develop the track as a music and outdoor venue. They have run into a serious roadblock with Pan Am Railroad regarding crossings. We have some strategies to try to resolve. Steve is an experienced real estate developer and has many ideas for potential's at the track should the music venue not work out. If he is successful with his plans, it will be transformative to the panel economy. The town is supportive.
- **JFO meeting:** See Lucy's report below. The meeting was not productive. The goals of the approps chairs was to think long term. While the policy chairs were looking for nuggets for this session. They did not seem on the same page.
- **EB5:** We continue to wrestle with the fire hose!
- **Kiersten Bourgeois reports: Breakfast Networking Meeting – FCCQ/VQEI:** I have been working very closely with the FCCQ to organize an event in Montreal prior to the Governor's press event with Premier Couillard in October. The FCCQ has invited Pat M. to serve as a keynote speaker for the event and there will be three working sessions that will focus on IT, Energy and Advanced Manufacturing. We have identified three "leaders" in each of those sectors and will be reaching out to them ASAP. This will be a relatively small event that will serve as a good introduction to both organizations for participants. It also will be, as the FCCQ has indicated, an opportunity for them to talk to attendees about the MOU that was signed with the VQEI in advance of the press conference.
- **AMCHAM Luncheon:** Have been organizing panelists and all have been confirmed: Jake Holzscheiter, President & CEO of Deringer, Greg Maguire from Revision and Mr. Len Gold, Esq. from Burns & Levinson of Boston have agreed to participate in the panel to talk about doing business in Vermont, logistics and address other general issues that arise as a Quebec company is seeking a business opportunity here.

Recruitment

- **Project Composites:** Yesterday, met with the BHS team in St. Johnsbury. They received the good news that their production process will not exceed styrene limits in Vermont. Doug Elliott from DEC came for part of the meeting and was incredibly helpful. The company representatives were ecstatic. The rest of the discussion

CONFIDENTIAL, EXECUTIVE AND ATTORNEY-CLIENT PRIVILEGE

DISCUSSION DOCUMENT

Susan L. Donegan, Commissioner

Vermont Department of Financial Regulation (DFR)

Date: April 11, 201

This discussion document (in anticipation of enforcement, litigation and/or administrative actions) raises examples of potential violations of Vermont securities law in connection with certain EB-5 transactions related to Jay Peak, AnC Bio and Q Burke projects (collectively known as "Jay Peak") currently under financial review and securities investigation by DFR. Evidence points to possible violations under Title 9 of Vermont Statutes Annotated, Vermont Uniform Securities Act (VUSA), including, but not limited to, securities registration and exemption non-compliance, fraud with particularity including material misstatements and omissions, actual conflicts of interest, self-dealing, unjust enrichment, misuse of investor funds, breach of fiduciary duty, breach of contract and tax liability. The principals would be liable for direct liability with other parties subject to liability for aiding and abetting in the advancement of

Potential consequences for violations of law include restitution, rescission, disgorgement, fines/penalties (\$ per), costs, assets frozen, injunctive relief, receivership/conservatorship and other relief requested by the commissioner. Actions may be brought administratively under the Vermont Administrative Procedures Act or in Washington County Superior Court.

The examples in this document are indicative of the type and severity of violations being uncovered by DFR in their analysis of Jay Peak EB-5 properties and projects. Although DFR is in the early stages of its investigation, it has identified accounting irregularities, contractual inconsistencies and significant conflicts of interest that point to potential violations of law.

The following four examples illustrate scenarios relating to Jay Peak Bio Medical Research Park, L.P. (AnC Bio) that DFR has uncovered supporting the decision to halt placing any new investor funds (\$500,000 plus \$50,000 application fee) at risk until it completes the financial review of that project.

1) Relationship of Jay Construction Management, Inc. and Ariel I. Quiros

The Amended and Restated Private Placement Memorandum states that Jay Peak Bio Medical Research Park, L. P. (the "Limited Partnership") entered into a Design, Procurement and Construction Management Services Agreement dated as of March 15, 2013 with Jay

Construction Management, Inc. ("JCM"), a Vermont corporation owned by Q-Resorts, Inc. (itself a Vermont corporation owned by Ariel Quiros). The agreement designates JCM as an agent of AnC Bio GP Services, LLC (the "General Partner") (the general partner of the Limited Partner whose members consist of Bill Stenger and Ariel Quiros), on behalf of the Limited Partnership, responsible for procuring equipment, intellectual property, licenses, industrial engineering, design/build and other goods and services integral to the project. According to the agreement, JCM is to receive \$52,100,000 from the Limited Partnership over the course of the project in order to fulfill this role.

In 2015, Primmer (the project's Vermont law firm) provided the Department with a financial summary ("Financial Summary") highlighting the flow of monies thus far in connection with the AnC Bio Project. The Financial Summary indicates that the Limited Partnership raised \$73,500,000 from 147 foreign investors, with \$7,000,000 still in escrow. Of the \$66,500,000, accessible to the LP, \$47,000,000 has been transferred to JCM. Further, the Financial Summary indicates that out of \$46,989,691 received by JCM thus far to procure intellectual property and equipment and pay architectural fees, \$25,926,887 has been spent for these purposes and the outstanding \$21,062,804 remains unspent in an unidentified JCM account. (See Exhibit A). Pursuant to the Amended PPM, JCM is still due to receive \$4,700,000 from the LP.

The lack of documentation between JCM and AnC Bio Pharm is a concern to the Department. JCM's equipment procurements from AnC Bio Pharm alone totaled \$40,000,000; however, counsel to the Project Principals were unable to produce a contract between JCM and AnC Bio Pharm, or any other project entity, for the equipment procurement. The only documentation produced by counsel to the Project Principals is a barebones Proforma Invoice between AnC Bio Pharm and AnC Bio Vt, LLC indicating \$40,000,000 will be paid to AnC Bio Pharm for certain equipment. (See Exhibit B). Further, counsel to the Project Principals has been unable to provide a reason for JCM's involvement in the \$40,000,000 equipment procurement.

JCM's critical role as an intermediary between the Limited Partnership and project contractors, its access to considerable investor funds, and its status as a related party makes it an entity of particular interest to the Department. David Gordon, the attorney hired by Ariel Quiros to represent him before the U.S. Securities & Exchange Commission, seems to understand the state's concern regarding this final point when he insisted in a November 2014 letter to the Vermont Agency of Commerce and Community Development that "JCM was not a related party when the vast majority of money to it was paid. However, JCM became a related party in or about February 2014" (See Exhibit C). The implication of this statement is that Quiros' ownership of JCM (the company that touches over 78% of project money) should not concern state regulators because it did not commence until after most of the money was paid to JCM.

However, documents provided to the Department from the brokerage firm Raymond James (where margin accounts were opened by all Jay Peak projects) demonstrate that this statement is a misrepresentation. In August 2011, former JCM President Jong Weon Choi appointed Ariel Quiros as Power of Attorney for Jay Construction Management, giving Quiros full control over the company's finances. (See Exhibit D). Not only was this relationship disclosed to neither investors nor the Department in the project's initial Private Placement Memorandum but the letter from the Limited Partnership's representation suggests the LP made efforts to conceal it.

2) Inconsistency Regarding Payments to Procure Equipment from AnC Bio Pharm

The Financial Summary indicates that JCM has spent approximately \$14,500,000 out of a total of \$40,000,000 to procure equipment from AnC Bio Pharm. The Department has received conflicting reasons for the partial payment to AnC Bio Pharm.

In a November 24, 2014 letter, David Gordon explains the partial payment is due to "delays in equipment purchases by AnC Bio Pharm, [therefore] JCM has elected to hold back payments due to AnC Bio Pharm temporarily." (See Exhibit C).

Contrast that to the March 11, 2015 document entitled "Legal and Business Rationales for Expenditures to Date" from Primmer to the Department that provides the following explanation for the partial payment "[t]he specialized nature of much of the equipment that would outfit the new facility mandated prepayment of substantial deposits before the designer and manufacturer of equipment would begin their work." (See Exhibit E).

Last, the explanations from the two law firms are inconsistent with the Proforma Invoice from AnC Bio Pharm to Ariel Quiros / AnC Bio VT LLC regarding the \$40,000,000 in equipment. The Proforma Invoice provides that for eighteen months beginning in April 2013 the Project shall pay \$1,000,000 per month as deposits upon equipment to be ordered. Accordingly, under the Proforma Invoice, \$9,000,000 should have been paid to AnC Bio Pharm with an additional \$9,000,000 paid to AnC Bio Pharm in 2014. However, the Financial Summary indicates that only \$500,000 was paid to AnC Bio Pharm in 2013, but over \$14,000,000 was paid to AnC Bio Pharm in 2014. Accordingly, the parties actions are not consistent with the terms of their agreement and the explanations provided are in conflict, both with each other and with the actions of the entities.

Again, it is concerning that no formal contract was produced between AnC Bio Pharm and JCM, or any other entity, regarding the \$40,000,000 of equipment that might shed light on the entities conflicting statements and actions. Further, Attorney Gordon has not provided any further explanation regarding the equipment delay since his November 24, 2014 letter, if Attorney Gordon's statements are correct, what is the current status of the equipment procurement, if Primmer is correct regarding the \$14,500,000 as a down payment, than what

is the delivery time table. These questions remain unanswered while JCM controls approximately \$21,000,000 of investor/project money allocated to equipment procurement.

3) Payments made to North East Contract Services, LLC

The General Partner, the Project Sponsor and North East Contract Services, LLC (“NECS”) entered into an Agreement calling for NECS to procure and supervise certain construction contracts (the “Agreement”). The sole member of NECS is Bill Kelly. Under the Agreement, NECS is entitled to twenty percent (20%) of the value of the contracts procured as a fee for service and reimbursement of expenses (“NECS Compensation”). Under the Agreement, NECS Compensation is to be paid on a “schedule that will coincide with the payments made to all contracted . . . suppliers of products and services. . . “ (See Exhibit F).

The November 30, 2012 Business Plan indicates approximately \$63,000,000 of contracts were needed to be procured to construct the AnC Project Facility. Therefore, NECS is entitled to approximately \$9,500,000 in supervision fees (representing 15% of the total of contracts procured) and approximately \$3,100,000 in expense reimbursement (representing 5% of the total of contracts procured) (See Exhibit G). Accordingly, NECS was entitled to approximately \$12,600,000 in fees and expenses, which under the Agreement, payments to NECS were to coincide with payments made to contracted suppliers of products and services.

The Financial Summary indicates that approximately \$900,000 has been paid to Peak CM for construction and \$14,500,000 has been paid to AnC Bio Pharm for fit out/equipment. (See Exhibit A). Accordingly, \$15,400,000 out of a total of \$63,000,000 has been spent under construction and fit out/equipment constructs. In other words approximately 24.4% of construction related expenses have been paid. Regarding NECS’s payments, the Financial Summary indicates NECS has been paid \$7,900,000 out of an approximate total of \$12,600,000. In other words, NECS has been paid 62.7% of its fees although only 24.4% of payments have been made under contracts it is supervising. This represents an overpayment of approximately \$4,800,000 to NESC.

Further, Primmer provided the Department a document entitled “Legal and Business Rationales for Expenditures to Date” that inaccurately provided “approximately \$7.9MM out of \$12.6MM budgeted and disclosed to investors has been paid to [NECS] *pursuant to the terms of the offering documents and the underlying contractual agreements*” (emphasis added) (See Exhibit E).

Further, the November 30, 2012 Private Placement Memorandum did not disclose that NECS had been contracted for construction supervision or was the relationship between Bill Kelly and the Project Principals disclosed.

Finally, it is unexplained as to why the NECS Compensation included the \$40,000,000 equipment procurement, while such equipment is actually being procured by JCM.

4) 172 Bognor Road Real Estate Transaction

The Department has a number of concerns with the real estate transaction between the Limited Partner and GSI of Dade County, Inc. ("GSI").

i) Lack of Disclosure Regarding Actual Conflicts of Interest

The real estate sale of 172 Bognor Drive from GSI to the Limited Partnership had an inherent conflict of interest. The General Partner is a limited liability company with two members (i) Bill Stenger and Ariel Quiros, while GSI has one shareholder – Ariel Quiros. Accordingly, Ariel Quiros was negotiating with himself on the land transaction and this fact was not adequately disclosed in the November 30, 2012 Private Placement Memorandum to investors.

ii) Unsubstantiated Sale Price

GSI purchased 25 acres at 172 Bognor Drive in September 2011 for \$3,150,000. In December 2012, GSI sold 7 of those acres to the Limited Partner for \$6,000,000. The Private Placement Memorandum did not contain any justification for a \$6,000,000 valuation. The Project Principals subsequently had the 7 acres appraised. (See Exhibit H). However, the appraisal does not support the valuation of \$6,000,000 at the time of the sale to the Limited Partner; instead, the appraisal states that the property will be worth at least \$6,000,000 *after* the \$30,000,000 of improvements to the property are complete.

iii) Failure to Pass Title

Although the purchase and sale agreement is dated December 12, 2012 and two payments of \$3,000,000 each were sent on December 12, 2012 and April 9, 2013 respectively, (See Exhibit I) title to the 7 acres at 172 Bognor Drive has not passed from GSI of Dade County, Inc. to the Limited Partnership. (See Exhibit J). The Project Principals have not provided an explanation for the failure of GSI of Dade County, Inc. to pass title despite its receipt of the full purchase price. This also raises tax liability questions for Vermont land transfer gains.

QBURKE PROJECT --- EXECUTIVE PRIVILEGE, ATTY-CLIENT PRIVILEG, CONFIDENTIAL DFR/4.13.15

QUESTION:

QBurke is, I believe, the only EB5 project statewide to currently be under construction, with a substantial % complete. It also differs from AnC Bio in that it is a tangible/real project; the questions that have arisen in AnC Bio re: whether IP and FDA approvals and corporate relationships are (or ever will be) as represented are not present in the Burke situation, where the project is indeed underway and being built, and the questions center more on \$ flow and costs and disclosures of same. How does/how should these distinctions between the projects affect the analysis and treatment?

DFR ANSWER:

Yes, there are differences between the AnC Bio and Q Burke projects. However, those differences do not and should not affect the analysis and treatment of QBurke. Three issues jump right out:

First, the project is not substantially complete, it is a 98 million project which has only raised 34 million.

Second, QBurke is not free of conflicts of interest regarding corporate relationships. The QBurke project has inherent conflicts between the general partner (as agent of the limited partnership) and the Resort in the land transaction and the General Partner (as agent to the limited partnership) and the hotel/facilities management company - these conflicts resulted in deals that were great for the project principals and awful for the investors, with minimum disclosure, which is similar to AnC Bio and the other 6 Jay Peak Projects.

Third, at this point, the issue is not project viability (the AnC bio project may very well produce revenue and eventually be successful, we have no idea) it is really about the fact a set of individuals fraudulently induced investment in what we believe to be eight cost-inflated projects for the direct benefit of themselves and to the detriment of the investors (i.e. building a 40 million dollar hotel for 100 million dollars and pocketing the difference).

QBurke cannot be carved out of Jay Peak. The SEC will not see the QBurke project as a standalone project and neither should DFR. There are 8 projects and 13+ various entities involved in the Jay Peak EB-5 initiatives, but there is one person from which every project begins and ends - Ariel Quiros. Bill Stenger, Ary Quiros, Joel Burstien and Bill Kelly have aided and continue to aid the effort. Every project appears to be involved in an array of deceptive practices. Every single additional penny of investor money that moves through the projects will invariably be lost for good. New investors most certainly will not be issued visas as the SEC will act long before the two year job creation period ends.

To look at QBurke from the point of view of saving jobs for current workers of a subcontractor or as a partially built endeavor is problematic. The fact that Burke is being built does not trump DFR's legal job of protecting investors and the State of Vermont, given all we know. Basically, the principals are the problem, and we have no reason to believe that they are behaving differently on Q Burke than they have on all the other projects.

GENERAL STRATEGY:

How to Handle:

- 1) MAIN MESSAGE: The State, through the relationship between ACCD and DFR discovered irregularities and have acted upon them.
 - a. When we tracked these irregularities we acted.
 - b. Because of this relationship, Vermont is a safer investment because of the oversight by both agencies.
- 2) Be thoughtful in responding and show how much you care that jobs may be potentially lost.
- 3) Use the general: :“This is very disturbing to hear may be happening. But it was detected due to the relationship between ACCD and DFR. “
- 4) Use social media tools to tout the many good Vermont EB-5 stories to tell.
- 5) Stress Vermont’s financial oversight (DFR and ACCD) as unparalleled and timely. Vermont is a “safe investment”
- 6) Be as transparent as we can be, but stick to our strengths – notably oversight works! Remember Warren Buffet once said: “It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”

EB-5 Talking Points

Vermont EB-5 Regional Center:

- 1) Today’s growing complexity of EB-5 projects require robust regulation and oversight.
- 2) As the program has grown, the level of oversight has increased, as it should.
- 3) This growing complexity can be seen in increased SEC surveillance as well as the most recent GAO in-depth look at how USCIS is administering the program.
- 4) We have stayed on top of and often ahead of USCIS responding to the need to incorporate best practices.
- 5) In February 2015, the Agency of Commerce & Economic Development (ACCD), responsible for Vermont’s EB-5 Regional Center, announced its own independent response to the growing EB-5 market by establishing an oversight partnership with the Department of Financial Regulation (DFR).

- 6) Why did Vermont do this: because ACCD, a governmental unit of the State of Vermont, is charged with enhancing the Vermont business climate, marketing Vermont to businesses by facilitating, promoting and creating commercial and business opportunities within Vermont to contribute to the economic viability of and benefit the growth of the state. This is in marked contrast to other for-profit regional centers.
- 7) Similarly, DFR, a governmental unit of the State of Vermont, is statutorily charged with supervising organizations that offer financial services and products to ensure the solvency, liquidity, stability and efficiency of all such organizations; protecting consumers against certain unfair and unlawful business practices; promoting reasonable and orderly competition; encouraging the development, expansion and availability of financial services and products advantageous to the public welfare; and maintaining close cooperation with other supervisory authorities.
- 8) This partnership reaffirms Vermont's dedication to first-rate regulation and exceptional oversight of all aspects of financial services.
- 9) For example, DFR has hired two additional staff members to assist with oversight and compliance of projects affiliated with the Regional Center.
- 10) EB-5 investors choose Vermont because it offers businesses unique advantages, such as: State oversight; pre-approval of projects; quarterly project reviews to monitor development progress; and, a long and credible track-record of success.
- 11) Equally important, Vermont's EB-5 programs has helped create jobs in some of most needy parts of the state, Northeast Kingdom, Windsor, Vergennes, Waitsfield, Dover, and more.
- 12) Since 2008, the EB-5 Immigrant Investor program has successfully stimulated the US economy through capital investments by foreign investors to create jobs. In FY 2014, 10,928 EB-5 petitions were filed with the USCIS, 5,155 approved, and 12,453 pending, which translates to over 2.5B approved investment and an additional 6.2B in capital awaiting federal adjudication. FY 2015 pace is expected to exceed that of 2014.
- 13) We have X I-526's approved and Y I-829's.
 - a. We are not able to divulge the #'s of investors at individual projects. We publish aggregate information only, on all EB5 projects.
- 14) **If asked:** We are actively monitoring all projects. Quarterly visits. Quarterly and weekly reports.
 - a. We follow up on complaints appropriate to ACCD. If there are questions about fraud or related to the PPM, we forward to DFR and/or encourage the person to file a formal complaint if appropriate.
 - b. At present we are not investigating other projects because we do not see any indications of issues. No investor complaints and no irregularities in the projects that cause us any concern.
 - c. Not at liberty to discuss evidence of irregularities projects due to pending mitigation.

- 15) Every new project is going thru an ACCD initial vetting then DFR review of PPM's
- a. **If asked:** We review the business plan, ask for 3rd party marketing study to back up assumptions. Review the principals and their background. Assure they are fully able to undertake the project in question. If it passes our initial review, we ask them to produce a PPM for DFR review. We collaborate with DFR on whether or not to approve.
 - b. Yes, we have projects in the hopper. Not at liberty to discuss as we are still negotiating with them. Will discuss when we have a signed MOU.

Specific to the RC:

- 16) We at the State of Vermont Regional Center are deeply dismayed that this has happened.
- 17) EB-5 program is a very useful and helpful economic development tool: especially in Vermont and the rural areas. And we understood the need for strong oversight.
- 18) We are in the unique position to have the Dept of Finance and Regulation investigate claims of misdeeds and proceed accordingly as they have in this case.
- 19) We will not tolerate actions that put the program at risk of not realizing the end goal: economic development.
- 20) We have other projects that are complying with our oversight. We are committed to continue to promote this regional center and eb5 projects within the state.
- 21) Job creation continues to be the key goal of the investments. This program has enabled tremendous opportunity for VT and elsewhere and as such the state will continue to promote this program for its enormous economic impact to the state. (See significant stats.)
- 22) The state cannot fully insure nor guaranty that the project developers will act in good faith or be assured of success. But we can and have stepped up surveillance and monitoring of current projects and going forward.
- 23) We cannot discuss ongoing federal and state 'litigation'?

USAO - EXEC

00032827

AUTHOR: CANON

IR-ADV-C7270

To: Susan Donegan

From: Dave Cassetty

Re: EB-5 Litigation Management

Date: June 22, 201

Potential Scenarios

There are 3 potential scenarios: one in which the SEC files a comprehensive action, including asset freezes and receivership, as a result of which our action is stayed; one where the SEC files such an action, but ours is not stayed; and one in which the SEC does not file, or files an action without seeking receivership or injunctive relief, in which ours is not stayed.

1. If the SEC takes comprehensive action, including seeking preliminary injunctive relief, the more likely outcome is that our action will be stayed pending the resolution of their action. This avoids duplication of effort by the courts, as well as potential waste of project assets in redundant litigation. Were this scenario to occur, there would be very little for us to manage, and our task would be to monitor the progress of the other action. Were there any unresolved issues at the conclusion of that action, we would then address those in our action.

2. Were the SEC to take a comprehensive approach, including preliminary injunctive relief, but our action was not stayed, then we would litigate both cases simultaneously. While not likely, this scenario could occur. For the sake of efficiency, we would likely coordinate discovery with their case, in order to reduce duplication of effort and to ensure comprehensive results. One significant difference between the actions will be that federal civil procedure requires initial disclosures, prior to the start of discovery; however, we could tailor our initial requests to mirror the initial disclosure requirements of federal court, should we choose, to keep the actions on similar footing. Were this scenario to occur, we would be investing more attorney (and staff) time into the action, but certainly within our capacity. Motion practice, discovery and document management would take the most resources, and these are tasks for which we are prepared.

3. Finally, if we are faced with the unlikely scenario where the SEC does not seek preliminary injunctive relief, or does not take any action at all, we have the authority to seek a freeze on the financial accounts and to request a receiver be appointed. Depending on resources, we could choose not to seek a receiver and only seek to freeze financial accounts. This could result in a bankruptcy filing (or filings), which would then stay our action under the bankruptcy code's automatic stay provision.

Resources Needed

1. Under the first scenario, few resources would be needed. The complaint is drafted already, and it is likely that we would not have to litigate anything beyond a motion to dismiss prior to the action being stayed. This scenario could be staffed by myself and one attorney, with another attorney as backup if needed.

2. The second scenario would not require much more than the first in resources. In this instance, the backup attorney would be brought in to participate actively, but three attorneys should be sufficient. We would call on staff, especially from the Securities Division, to help respond to discovery and to discuss technical questions, as well.

The litigation would be more intensive in motion practice, but we have the experience to manage such litigation. I have tried several dozen cases to verdicts, have litigated over 120 appeals, and have participated in litigating probably two hundred other cases. As a partner in a litigation firm, I also supervised associates in litigation routinely. The two attorneys assigned to this litigation are both very talented writers, researchers and will be able to acquit themselves well in this case. It is likely that I will argue any hearings we have, although there might be opportunities to get them some experience before the court in this case.

3. Under the third scenario, considerable resources might be required. The same 3 attorneys would be assigned, but in addition to the foregoing matters, we would need to litigate the preliminary injunctive relief. The motion is currently being drafted, and would be ready by the time we file. However, the evidentiary hearing for this would require considerable preparation time, and include much of the Securities staff as well as the attorneys. We have identified most of the financial accounts at issue, for seeking a freeze, and can move to include others as we learn of them. If we include a receivership, it is likely that we would have to bear that cost. While our business manager informs me that Securities has considerable funds available from their intake, this would ultimately come out of the amount we remit to the General Fund.

While the Department has considerable experience running receiverships, normally we fund them out of the receivership's estate. Accordingly, this case would present an extra expense to the Department (and ultimately, the General Fund). So while this case would not present the extraordinary expense of the Ambassador Insurance receivership, in that instance Ambassador has funded the cost itself. It is possible that we could request the court order us to be reimbursed these expenses, as taxable costs upon a successful conclusion, but the Department would need to bear the costs initially at least.

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Friday, October 09, 2015 4:39 PM
To: Miller, Lawrence
Subject: Fwd: Current Employee Emails

The AGO-recommended search terms are below.

Sent from my iPad

Begin forwarded message:

From: "Kline, Scot" <scot.kline@vermont.gov>
Date: October 9, 2015 at 4:12:09 PM EDT
To: "London, Sarah" <Sarah.London@vermont.gov>
Cc: "Salembier, Shannon" <Shannon.Salembier@vermont.gov>
Subject: FW: Current Employee Emails

Sarah:

Per your message that your office will facilitate the search of Lawrence Miller's electronic files, I am forwarding the email from Shannon with the requested search terms for his email and text messages. Please call Shannon or me if you have any questions.

Thanks.

Scot

From: Salembier, Shannon
Sent: Friday, October 09, 2015 3:47 PM
To: Moulton, Pat; Goldstein, Joan; Fullam, Eugene; Kessler, John
Cc: Kline, Scot
Subject: Current Employee Emails

PRIVILEGED & CONFIDENTIAL

Hi Everyone,

Thank you so much for getting me ACCD's physical and electronic records so quickly. The next step in this process is emails. I know the volume of email is quite large, so we are trying to make this process as painless as possible.

We need all emails from January 1, 2006 to the present for every current employee at ACCD who may have emails relating to any of the search terms below. I am aware of the following employees, but please let me know if you think I've missed someone:

Pat Moulton
Joan Goldstein
Eugene Fullam
John Kessler

In order to prevent you from having to scroll through thousands of emails, we've come up with "categories" of emails based on the email's sender, recipient, and keywords. Our hope is that you will be able to search for all emails to and from William Stenger (for example), and drag the entire lot into a folder without having to review them. Please make sure to place each employees' emails into a separate, identifiable folder, with subfolders for each "category." We need the following emails:

All emails in which the sender or recipient is:

- William Stenger
- Ariel Quiros
- William Kelly
- Alex MacLean
- Primmer attorneys representing Jay Peak (Gary Karnedy, Ralphine O'Rourke, Mark Scribner)
- Joel Burstein
- Jong Weon Choi
- Fred Burgess
- Okcha Quiros
- Ary Quiros
- Louis Ruggiero
- Nicole Quiros
- Mark Bertolini
- Robert Chimileski

All emails containing the following keywords/phrases:

- Jay Peak and variations thereof (JP, Jay, etc.)
- ANC Bio and variations thereof (ANCbio, ANC, etc.)
- Penthouse suites
- Golf and mountain suites
- Lodge and Townhouses
- Stateside
- Q Burke
- Burke
- Biomedical research park
- Mont St. Sauveur International
- GSI of Dade County, Inc. (GSI)
- Raymond James
- Q Resorts

- Jay Construction Management (JCM)
- North East Contract Services (NECS)

Please do not hesitate to contact me with questions or concerns. If you believe that I have missed critical senders/recipients or search terms, please let me know. Additionally, please let me know if there are issues with retrieving emails dating back to 2006. Ideally, I would like to pick up a thumb drive containing the emails by early next week, but let me know if that timeline is not feasible.

Thank you and have a great weekend.

Shannon

Shannon Salembier
Assistant Attorney General
Office of the Vermont Attorney General
109 State Street
Montpelier, VT 05609
Shannon.Salembier@Vermont.gov
(802) 828-5621

From: Cassetty, Dave [Dave.Cassetty@vermont.gov]

Sent: Friday, October 16, 2015 8:39 AM

To: London, Sarah

Subject: Draft Complaint 10 1 15 ATTORNEY CLIENT AND WORK PRODUCT PRIVILEGES

Attachments: Draft Complaint 10 1 15.pdf

Here is the most recent draft, although an army of people at AGO have been working on proposed changes, so it won't look like this for long.

CONFIDENTIAL ATTORNEY WORK PRODUCT

STATE OF VERMONT
WASHINGTON COUNTY, SS

SUSAN DONEGAN, IN HER)
OFFICIAL CAPACITY AS)
COMMISSIONER OF THE)
VERMONT DEPARTMENT OF)
FINANCIAL REGULATION,)
Plaintiff,)

v.)

Ariel Quiros; William Stenger;)
William Kelly; Jay Peak Hotel Suites L.P.;)
Jay Peak Hotel Suites Phase II L.P.;)
Jay Peak Penthouse Suites L.P.; Jay Peak)
Golf and Mountain Suites L.P.; Jay Peak)
Lodge and Townhouses L.P.; Jay Peak)
Suites Stateside L.P.; Q Burke Mountain)
Resort, Hotel and Conference Center, L.P.;)
Jay Peak Biomedical Research Park, L.P.)
Defendants.)

Washington County
Docket No. _____

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Div caption

COMPLAINT

Susan Donegan, in her official capacity as Commissioner of the Vermont Department of Financial Regulation (the "Commissioner"), makes the following complaint against Ariel Quiros; William Stenger; William Kelly; Jay Peak Hotel Suites L.P.; Jay Peak Hotel Suites Phase II L.P.; Jay Peak Penthouse Suites L.P.; Jay Peak Golf and Mountain Suites L.P.; Jay Peak Lodge and Townhouses L.P.; Jay Peak Suites Stateside L.P.; Q Burke Mountain Resort, Hotel and Conference Center, L.P.; and Jay Peak Biomedical Research Park, L.P. (collectively, "Defendants") for multiple violations of the Vermont Uniform Securities Act ("VUSA"), Chapter 150 of Title 9, Vermont Statutes Annotated:

SUMMARY

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1. Since 2008, Defendants Ariel Quiros (“Quiros”) and William Stenger (“Stenger”) have orchestrated a large scale investment scheme to defraud investors participating in the “EB-5 Program,” a federal visa initiative designed to give foreign investors a legal path to obtain U.S.-nited States residency. To date, Defendants have fraudulently solicited and raised at least ~~\$X 402,500,000 million~~ through their sale of securities and to X investors and collected at least \$X \$40,250,000 million in additional fees. Defendants continue to solicit and raise investment funds for two ongoing EB-5 Projects.
2. Most of the direct victims of this fraud are foreign nationals seeking residency in the United States. Defendants solicited the investments, and claimed that funds would finance and build certain investment projects located within the Vermont Agency of Commerce and Community Development Regional Center (“Jay Peak EB-5 Projects”). The investments took the form of unregistered limited partnership interests (the “securities”) offered in eight private placement memoranda (“PPMs”), all of which contained materially false and misleading statements and omissions of material facts. Defendants have convinced over 805 investors to wire a minimum of \$500,000 apiece plus a \$50,000 “administrative fee” to U.S. bank accounts for the eight projects.
3. However, rather than use the money solely for the projects and purposes for which it was purportedly raised, Defendants treated investor funds as an unrestricted pool of funds that could be spent between projects indiscriminately and used as a personal piggy bank. Using a complex web of financial accounts, Defendants have improperly commingled funds between EB-5 projects.

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~~misappropriated~~ millions in investor funds to enrich themselves, ~~misappropriated~~ investor funds for use in EB-5 projects unrelated to the project for which the funds were specifically raised used newly-raised investor funds to backfill funding gaps from previous projects and to pay existing investors, and diverted money to various corporate entities a number of self-interested transactions.

3. ~~The PPMs made materially false and misleading statements and omissions of material facts to solicit investors for the Jay Peak EB-5 projects.~~
4. ~~At all times material to this action, Quiros and/or Stenger controlled and made all investment and expenditure decisions with respect to investor funds raised through the Jay Peak EB-5 Projects.~~
5. By the conduct described herein, Defendants have violated the anti-fraud and registration provisions of the VUSA. Through this action, the Commissioner seeks to protect the interests of current and future investors, and requests injunctive relief, an asset freeze and appointment of a receiver or conservator, civil penalties, costs, and other appropriate relief.

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PARTIES

6. Plaintiff is the Commissioner of a state agency charged with, *inter alia*, the administration and enforcement of the securities laws of the State of Vermont.
7. Defendant Ariel Quiros ("Quiros") is a resident of the State of Florida. Quiros also maintains a residence in the State of Vermont.
8. Defendant William Stenger ("Stenger") is a resident of the State of Vermont.
9. Defendant William Kelly is a business associate of Quiros, and purportedly counsel and/or advisor to Quiros and the Jay Peak Resort, AnC Bio VT LLC, and

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other entities affiliated with Quiros. Kelly is a resident of the State of Florida and also maintains a residence in the State of Vermont.

10. Defendant Jay Peak Hotel Suites L.P. ("Phase I Limited Partnership") is a Vermont limited partnership.
11. Defendant Jay Peak Hotel Suites Phase II L.P. ("Phase II Limited Partnership") is a Vermont limited partnership.
12. Defendant Jay Peak Penthouse Suites L.P. ("Penthouse Suites Limited Partnership") is a Vermont limited partnership.
13. Defendant Jay Peak Golf and Mountain Suites L.P. ("Golf and Mountain Limited Partnership") is a Vermont limited partnership.
14. Defendant Jay Peak Lodge and Townhouses L.P. ("Lodge and Townhouses Limited Partnership") is a Vermont limited partnership.
15. Defendant Jay Peak Suites Stateside L.P. ("Stateside Limited Partnership") is a Vermont limited partnership.
16. Defendant Q Burke Mountain Resort, Hotel and Conference Center, L.P. ("Q Burke Limited Partnership") is a Vermont limited partnership.
17. Defendant Jay Peak Biomedical Research Park, L.P. ("ANC Bio Limited Partnership") is a Vermont limited partnership.

RELATED PARTIES

18. Ary Quiros is the son of Defendant Ariel Quiros, and the President and CEO of ~~Q~~ Burke Mountain. He is a resident of the State of Vermont.

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19. Joel Burnstein ("Burnstein") is a Florida resident and served as the account broker for Raymond James accounts associated with Quiros and the Jay Peak EB-5 projects. Burnstein is the former son in law of Quiros.
20. AnC Bio VT LLC ("ANC Bio Project Sponsor") is a Vermont Member-Managed Limited Liability Company whose members include Ariel Quiros and William Stenger.
21. AnC Bio Vermont GP Services, LLC ("ANC Bio General Partner") is a Vermont Member-Managed Limited Liability Company and agent of Jay Peak Limited Partnership whose members include Ariel Quiros and William Stenger.
22. Q Burke Mountain Resort GP Services, LLC ("Q Burke General Partner") is a Vermont Member-Managed Limited Liability Company and agent of Q Burke Limited Partnership whose members include Ariel Quiros and William Stenger.
23. Q Resorts, Inc. ("Q Resorts") is a Delaware corporation with a principal place of business in Florida. Ariel Quiros is the President, Shareholder, Treasurer, and Director of Q Resorts. Q Resorts owns and operates two ski resorts in Vermont.
24. G.S.I. of Dade County, Inc. ("GSI") is a Florida corporation. Quiros is the President, Shareholder, Treasurer and Director of GSI. GSI has purchased and sold land in Vermont in connection with the AnC Bio EB-5 project.
25. Jay Construction Management, Inc. ("JCM") is a Vermont corporation with a principal place of business in Florida. Ariel Quiros is the President, Shareholder, Treasurer, and Director of JCM.

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26. North East Contract Services, LLC (“NECS”) is a Florida Limited Liability Company. Defendant Kelly is the managing member of NECS. NECS has contracted to provide services to the AnC Bio EB-5 project in Vermont.

JURISDICTION AND VENUE

27. The Commissioner brings this action under the authority conferred upon her to enforce compliance with the VUSA by 9 V.S.A. § 5603(a).
28. The limited partnership interests offered and sold by Respondents are “securities,” as defined in 9 V.S.A. § 5102(28).
29. The Washington Superior Court has jurisdiction over this action pursuant to 9 V.S.A. § 5603(a).
30. The Court has jurisdiction over the Defendants because the Defendants have engaged in the offering and sale of securities in Vermont.
- a. Investors are instructed to send their executed subscription agreements to an address within the State of Vermont.
 - b. Investors are instructed to wire or mail their investment to a financial institution located within the State of Vermont.
 - c. The EB-5 Projects are located in the State of Vermont.
 - d. The originating issuers of the limited partnership interests offered in each PPM are located in the State of Vermont.
31. The Court has personal jurisdiction over Defendants named herein because each Defendant is an individual or entity that resides in, is formed under the laws of, conducts business in, has substantial and intentional business contacts with, and/or maintains operations in, the State of Vermont.

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FACTS

Background

EB-5 Immigrant Investor Visa Program

32. Congress created the employment-based fifth preference immigrant visa category (“EB-5 Program”) for immigrant investors in 1990.

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33. The EB-5 Program is administered by the Department of Homeland Security’s United States Citizenship and Immigration Services (“USCIS”). It provides that foreign nationals may qualify for a green card if the individuals invest \$1,000,000 (or at least \$500,000 in a “Targeted Employment Area,” essentially an area that is rural or has high unemployment) in commercial enterprises in the United States, and that investment creates or preserves a certain number of full-time jobs for U.S. workers.

34. Through the EB-5 Program, cities, states, and other entities may apply to USCIS for approval as a “Regional Center,” which then allows the entity to affiliate with or create “new commercial enterprises” that can accept investments from foreign nationals.

35. The State of Vermont Agency of Commerce and Community Development (“ACCD”) was initially approved and designated as an EB-5 regional center by the United States Immigration and Naturalization Service in 1997. USCIS reaffirmed this approval, with amendments, in 2007, and again in 2009. The purpose of the ACCD Regional Center is to attract immigrant investor capital into the State of Vermont.

Jay Peak Background and acquisition by Q-Resorts

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36. Jay Peak, Inc. ("Jay Peak") was incorporated in 1955 and has operated the Jay Peak Resort (the "Resort"), located in Jay, Vermont, since 1957. The Resort is a four season resort with dining and lodging facilities, ski and snowboarding trails, an indoor waterpark, a golf course, and other amenities.
37. Mont St. Sauveur International Inc. ("MSSI"), a ski resort company based in St.-Sauveur, Quebec, purchased the Resort in 1978.
38. MSSI sold the Resort to Q Resorts on or about June 23, 2008 ("2008 sale") for approximately \$24,000,000.
39. At the time of the 2008 sale, Ariel Quiros was a homeowner at the Resort, and Bill Stenger was the President and Chief Executive Officer of the Resort. Stenger continued in these roles after the sale.
40. At the time of the 2008 sale, two EB-5 projects were underway at the Resort that were initiated by MSSI and Stenger. The first project involved the construction of a 57-unit hotel ("Phase I"). Jay Peak raised approximately \$17,500,000 from 35 EB-5 investors for the development and construction of Phase I. The second project involved the construction of a 120-unit hotel ("Phase II"). Jay Peak raised approximately \$75,000,000 from 146 EB-5 investors for the development and construction of Phase II.
41. The 2008 sale included the transfer of the ongoing Phase I and Phase II Jay Peak EB-5 Projects from MSSI to Q Resorts.
42. Approximately \$11,000,000 in investor money raised for Phase I, and \$7,000,000 in investor money raised for Phase II, remained available to the respective projects at the time of the 2008 sale. In connection with the 2008 sale, MSSI

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transferred the remaining funds to accounts held at Raymond James Financial, Inc. ("Phase I account" and "Phase II account") at Quiros's request on or about June 16, 2008.

43. MSSSI representatives communicated to Quiros and others prior to the transfer of investor funds to the Phase I account and Phase II account that the investor funds could not be used to purchase, or as collateral for purchase, the Resort. However, Quiros nonetheless proceeded to use the investor funds to purchase the Resort for himself.
44. On or about June 23, 2008, Quiros instructed Burnstein to retitle the Phase I and Phase II accounts to Q-Resorts. On June 23, 2008, Stenger transferred \$7,600,000 from the Phase I account, and transferred \$6,000,000 from the Phase II account, to a Q Resorts account held at Raymond James ("Q Resorts Account"), for a total of \$13,600,000 in investor funds deposited into the Q Resorts account.
45. On that same day, June 23, 2008, Quiros transferred \$13,544,346 from the Q Resorts Account to an agent for MSSSI.
46. The \$13,544,346 transfer was partial payment to MSSSI for the purchase of the Resort, and it consisted entirely of EB-5 investor funds.
47. The Q Resorts Account had a \$0.00 balance prior to the June 23, 2008, deposit of the investor funds, and it received no other deposits prior to the transfer of the \$13,544,346 to MSSSI.
48. The Phase I and Phase II PPMs both specify the purposes for which investor funds will be used. Neither PPM identifies the purchase of the Resort as a purpose for which investor funds will be used.

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49. Although the entirety or a substantial portion of the purchase price for the Resort was paid using Phase I and Phase II investor funds, the investors were never informed of the use of their funds for the purchase and did not receive any ownership interests in the Resort. Instead, Quiros, through Q Resorts, obtained and retains ownership of the Resort.

42.

Jay Peak EB-5 Projects

43-50. Following Q Resort's acquisition of the Resort in 2008, Quiros and Stenger initiated six additional EB-5 projects through the AACD-ACCD Regional Center that were/are financed through project-specific PPMs that outline how proceeds will be used:

- a. Jay Peak Penthouse Suites ("Penthouse Suites"), a completed real estate project initiated in ~~[X year]~~ by Quiros and Stenger, through the Penthouse Suites Limited Partnership, and completed in X, that raised \$33,000,000 from 66 investors.
- b. Jay Peak Golf & Mountain Suites ("Golf & Mountain")s, a completed real estate project initiated in ~~[X year]~~ by Quiros and Stenger, through the Golf and Mountain Limited Partnership, and completed in X, that raised \$45,000,000 from 90 investors.
- c. Jay Peak Lodge and Townhouses ("Lodge and Townhouses"), a completed real estate project initiated in ~~[X year]~~ by Quiros and Stenger, through the

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Lodge and Townhouses Limited Partnership, ~~and completed in X~~, that raised \$44,000,000 from 88 investors.

d. Jay Peak Stateside (“Stateside”), a fully-subscribed real estate project initiated ~~in [X year]~~ by Quiros and Stenger, through the Stateside Limited Partnership, that is currently under construction and raised \$66,500,000 from 133 investors. It has \$32,000,000 in outstanding construction obligations.

e. Jay Peak Biomedical Research Park (“ANC Bio”), a biomedical project initiated by Quiros and Stenger ~~in [X year]~~, through the ANC Bio Limited Partnership, that is under development. [To date, the project has raised at least \$73,500,000 from 147 investors, and seeks to raise an additional \$36,500,000 for a total offering of \$X110,000,000.]

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f. Q Burke Mountain Resort, Hotel and Conference Center (“Q Burke”), a real estate project initiated by Quiros and Stenger in 2013, through the Q Burke Limited Partnership, that is currently under construction. [To date, the project has raised at least \$17,500,000 from 35 investors, and seeks to raise an additional \$80,500,000 for a total offering of \$98,000,000.]

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51. Each PPM offers to sell limited partnership interests in Limited Partnerships formed to invest in specific EB-5 projects. Each Limited Partnership and EB-5 project was created, and is operated and ultimately controlled by, a General Partner. Stenger is the President of the General Partners of the Phase I, Phase II, Penthouse Suites, Golf and Mountain, Lodge and Townhouses, and Stateside Limited Partnerships. Quiros and Stenger are the sole members of the General Partners of the ANC Bio and Q Burke Limited Partnerships.

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44-52. Stenger and Quiros each had a duty to ensure that the PPMs were accurate and updated as necessary, and that funds were spent in accordance with the PPMs.

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53. Each PPM offering requires a minimum capital contribution of \$500,000 to purchase a limited partnership interest in a Jay Peak EB-5 Project (as required by USCIS and explained in paragraph X), plus a nonrefundable payment of \$50,000 in administrative fees, for a total minimum subscription price of \$550,000 for each investor.

54. Each PPM should have fully disclosed all conflicts of interest and the principals' personal and/or familial interests in any contract entered into or expenditure made using investor funds.

45.

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55. Each PPM sets forth specific representations regarding the purposes for which investor funds will be used, and any deviation from those specific representations should have been fully disclosed to investors.

46.

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Overview of Financial Accounts

47-56. Quiros and Stenger set up a complex web of financial accounts to further their scheme to divert funds and defraud investors. Investor money was frequently funneled through multiple accounts for no disclosed, legitimate purpose. Investor money flowed through at least 91 financial accounts at multiple financial institutions, and between at least 26 entities.

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48-57. The PPMs instruct ~~investors~~ investors were instructed to wire or mail their investments to project-specific accounts held at People's United Bank in Vermont and controlled by Bill Stenger.

49-58. After an initial waiting period, investor funds were moved by Stenger from the People's United Bank project accounts to brokerage accounts held at Raymond James in Miami. The Raymond James accounts consisted of project specific accounts, and other accounts held individually by project principals or entities associated with the project principals. Quiros and Stenger used Burnstein as the broker for the Raymond James accounts.

50-59. Once the investor funds were transferred into a Raymond James brokerage account, the principals, through Burnstein, used the funds to purchase U.S. Treasury bills.

60. The U.S. Treasury bills were then used to secure a two Raymond James revolving margin loans ("margin loans"). A cross collateralization agreement covered all Raymond James accounts, which allowed the principals to operate accounts without other assets or income to incur margin loans and transfer the proceeds to various other accounts. The use of margin loans, which was never disclosed to any of the investors, served no legitimate purpose other than to enable Defendants in their scheme to defraud investors. Defendants used over \$2,000,000 in investor money to pay for interest and fees associated with the margin accounts.

54-61. **Add paragraph to account for banking logistics after RJ account closure**

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Defendants' Misappropriation-Misuse of Investor Funds

Property and Personal Purchases using Investor Funds

~~52. Defendant Quiros has misappropriated at least X million dollars in investor funds to purchase properties.~~

~~53-62. As described in Paragraph X, above, Defendant Quiros used approximately \$13,544,346 of Phase I and II investor funds to purchase the Jay Peak Resort for himself. Approximately \$11,000,000 in investor money raised for Phase I, and \$7,000,000 in investor money raised for Phase II, remained available to the respective projects at the time of the 2008 sale. In connection with the 2008 sale, MSSI transferred the remaining funds to accounts held at Raymond James Financial, Inc. ("Phase I account" and "Phase II account") at Quiros's request on or about June 16, 2008. MSSI representatives communicated to Quiros and others prior to the transfer of investor funds to the Phase I account and Phase II account that the investor funds could not be used to purchase, or as collateral for purchase, the Resort. However, Quiros proceeded to use the investor funds to purchase the Resort. On or about June 23, 2008, Quiros instructed Burnstein to retitle the Phase I and Phase II accounts to Q Resorts. On June 23, 2008, Stenger transferred \$7,600,000 from the Phase I account, and transferred \$6,000,000 from the Phase II account, to a Q Resorts account held at Raymond James ("Q Resorts Account"), for a total of \$13,600,000 in investor funds deposited into the Q Resorts account. On that same day, June 23, 2008, Quiros transferred \$13,544,346 from the Q Resorts Account to an agent for MSSI as partial payment for Resort. The \$13,544,346 transfer consisted entirely of investor funds.~~

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~~54-63.~~ Defendant Quiros used investor funds to purchase the Burke Mountain Resort for himself. In 2012, Q Burke Mountain Resort, LLC (a company owned by Quiros) purchased approximately 1,211 acres of land at Burke Mountain Resort in East Burke, Vermont for approximately \$6,000,000.00. On or about May 31, 2012, Quiros directed that \$7,000,000.00 from the Jay Peak Inc. margin loan account be paid to an agent for the seller of the Resort. All margin loan funds from that account were collateralized by, and eventually repaid with, investor funds from various projects. Quiros later sold a 3.797 acre portion of the 1,211 acre parcel to the Q Burke Limited Partnership for the Q Burke project in 2014 for \$2,470,000.00. Through this series of actions, Quiros used investor funds to purchase the Burke Resort for himself, and then improperly profited again at the expense of investors by selling a small portion of the Burke Resort to investors at a substantial markup that is not justified by any appraisal.

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~~55-64.~~ Quiros used investor funds to purchase land for himself that would later become the site of the AnCBio project. On September 16, 2011, Quiros, through GSI, purchased 25 acres at 172 Bogner Drive, Newport, Vermont, for \$3,150,000. Beginning on September 14, 2011, Quiros directed a series of transfers between financial accounts that shifted approximately \$2,344,450.50 from the Q Resorts Raymond James account, through the GSI Raymond James account, and on to an agent for the sellers. Upon information and belief, the \$2,344,450.50 consisted of investor funds. Quiros then further profited at the expense of investors by selling 7 of the 25 acres to the ANC Bio Limited

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Partnership in December 2012 for \$6,000,000, which is a significant markup that is not supported by any appraisal.

~~56-65.~~ In December, 2011, Quiros used \$3,816,000 in investor funds to purchase a condominium at 400 Fifth Avenue in New York City. The funds were sourced from the Q-Resorts Raymond James account and then funneled through the GSI Raymond James account to a Raymond James account held by Quiros and his wife ~~Okeha~~, and then on to an agent for the seller.

~~57-66.~~ In December 2012, Quiros used \$431,240.83 in investor funds to purchase a home and property at 4452 Darling Hill Road in Burke, Vermont. The funds were sourced from the Q-Resorts Raymond James account and then funneled through the GSI Raymond James account to a Raymond James account held by Quiros and his wife ~~Okeha~~, and then on to an agent for the seller.

~~58-67.~~ In July 2013, Quiros used \$2,438,500 in investor funds to purchase a condominium at 220 Riverside Boulevard in New York City (also known as "Trump Place New York"). The funds were sourced from the Q-Resorts and the GSI Raymond James accounts.

~~59-68.~~ Quiros has ~~improperly used~~ misappropriated investor funds for numerous other examples of personal enrichment, including: purchase of a 1997 Range Rover Defender for \$69,452,952; purchase of a 2013 Range Rover for \$68,032; purchase of an excavator for \$67,000; a 2012 single-engine airplane for \$163,515.38; purchase of a 1942 Ford GPW for \$17,500; payments of \$1,896.71 per month for a leased-lease payments for a Porsche totaling at least \$36,000; attorney's fees, including \$47,500 on a divorce attorney; condominium

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association and parking fees totaling over \$150,000; credit card payments, including over \$157,859 on American Express payments and over \$23,500 on Capital One payments; ~~\$1,100,000~~29,500,000 to purchase the Tango Grill Restaurant in Miami, Florida; and at least \$1,401,482.50 to purchase the properties in Newport, Vermont known as the "Renaissance Block."

Use of Investor Funds for Improper ~~Payments~~ Purposes

~~69-69.~~ Defendants used investor funds to pay for Jay Peak Resort cash flow needs and for Resort Projects that were unaffiliated with EB-5 projects.

70. Defendants commingled investor funds and utilized a single margin loan to pay for ongoing EB-5 project expenditures using available funds raised from any project, even if the expenditure was entirely unrelated to the project for which the money had been pledged.

~~64-71.~~ Defendants accumulated margin loan debt and fee obligations in excess of loan repayments, and created a budget gap that Defendants have tried to backfill with funds raised from successive project offerings. To date, construction obligations exceed available funds and fundraising potential by over \$59,000,000.

~~62-72.~~ Defendants used approximately \$21 million in ANC Bio investor funds to pay off the outstanding margin loan debt in response to a Raymond James margin call for the margin loan account in March 2014. No amount of the margin loan debt was the result of disclosed, legitimate expenditures for the ANC Bio project. Instead, ANC Bio investor funds were used to pay off the margin loan debt incurred by the principals for expenditures related to other EB-5 projects, land purchases, and other improper purposes. The ANC Bio investors were not

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informed that their investments would be, or were, used to pay off the margin loan debt.

73. Defendants represented to investors that \$40 million in investor funds would be paid to ANC Bio Korea for equipment, and documented payments as being made for that purpose in periodic installments. However, ~~on information and belief,~~ \$21 million of the investor money that was documented as paid to ANC Bio Korea for equipment was never actually paid to ANC Bio Korea, ~~and was i~~Instead, the money was held by JCM. In response to the margin call, the \$21 million was sent by JCM to Jay Peak, Inc., and then transferred to the margin loan account to pay off a \$19.2 million balance on March 5, 2014.

63-74. Defendants used investor funds as collateral for millions of dollars in loans obtained for GSI through Citibank in 2015, including a \$6,000,000 loan that was used to pay Ariel Quiros's personal tax liability on April 14, 2015, and a \$2,414,000 loan that was used to make dividend payments to investors in the Penthouse Suites, Golf & Mountain, Lodge and Townhouses, and Stateside projects.

Payments to Contractors and Use of Pass-through Entities

64-75. Defendants formed or contracted with a number of entities for the sole purpose of using those entities to act as pass-throughs in order to obfuscate the diversion and misuse of investor funds.

76. Excessive and unwarranted payments were made to companies formed by the project principals or affiliated individuals for ~~"construction supervision"~~ "services" on each of the Jay Peak EB-5 projects.

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77. Any payment of expenses should have been for services actually rendered or costs actually incurred in supervising a project.

65-78. In reality, various services and fees were built into the projects as a way to conceal the total amount of money that was actually being taken by the project principals. Oversight fees, costs, and contingencies have been treated by Quiros, Stenger, and Kelly as pure profit and taken at the outset of projects, or paid out to related companies and diverted back to Quiros and Stenger, despite the lack of any services actually being rendered. - For example:

- a. The ANC Bio PPM discloses that the project will have construction supervision costs. The PPM states that 15% of total construction and fit-out costs (or \$9,185,306) is budgeted for "supervision," and 5% of total construction and fit-out costs (or \$3,161,789) is budgeted for "supervision expenses." The ANC Bio General Partner, the ANC Bio Project Sponsor, and NECS entered into an agreement calling for NECS to procure and supervise certain construction contracts in return for 20% of the value of the contracts procured, to be paid on a schedule that coincides with payments made to contracted suppliers. The sole member of NECS is Defendant Kelly, a friend of and purportedly counsel to Quiros. Upon information and belief, Kelly has no prior experience in construction supervision, and NECS has no employees other than Kelly.
- b. Payments to NECS do not align with and far exceed the value of payments actually made to contracted suppliers.

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- c. NECS received payments related to contracts even where the contracted suppliers were not actually paid and NECS provided no services.
- d. Upon information and belief, NECS's practice is to retain a third of all payments received from the ANC Bio project, and then to remit the remaining two-thirds to various entities owned or controlled by Quiros at Quiros's direction. Some of these funds have been sent to GSI and/or retained by Quiros. These payments are not the result of any services or goods provided by GSI or Quiros.
- e. The ANC Bio Limited Partnership also entered into an agreement with JCM (again, a company for which Quiros serves as President, Treasurer, Secretary, Shareholder, and/or Director) that designates JCM as an agent of the General Partners, on behalf of the Limited Partnership, responsible for procuring certain equipment and services. In reality, JCM has provided no design, procurement, or construction management services and is instead a sham company used by Quiros solely for the purpose of serving as a vehicle to divert investor funds. JCM has received and controls at least \$47,000,000 in investor funds, but is unable to produce documentation of expenditures or contracts for services or equipment.
- f. The ANC Bio Limited Partnership, through Defendants, entered into a Master Distribution Agreement to purchase certain distribution rights from ANC Bio Korea for \$10,000,000, and a "Pro Forma invoice" to purchase equipment from ANC Bio Korea for \$40,000,000 for the ANC Bio project. These supposed purchases were engineered by Defendants as a way to divert

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investor funds and to benefit themselves and Choi. Defendants are unable to produce any documentation to explain or support the value of the distribution rights or the equipment, payments made to ANC Bio Korea have not been made in accordance with the terms of the two agreements, no equipment has been manufactured or delivered, and, as described above, \$21,000,000 of the \$40,000,000 payment for equipment was diverted to pay off the margin loan.

Defendants' Material Misrepresentations and Omissions in the PPM

~~66-79.~~ Defendants made materially false and misleading statements and omissions of facts in the PPMs to solicit investors in each of the eight Jay Peak EB-5 projects.

~~67-80.~~ Investors were not informed that their funds would be used in any way other than for the purposes specifically identified in each PPM.

~~68-81.~~ Investors were not informed that their funds would be invested in Treasury Bills, or that project expenses would be paid through a cross-collateralized margin loan that would accumulate significant interest expenses and fees or used as collateral for loans.

~~69-82.~~ Investors were not informed that their funds would flow through a complex web of bank and brokerage accounts, be commingled with funds invested in other projects, be used to pay for non-project expenses, or diverted to project principals, related entities, and projects other than the one(s) specifically invested in.

~~70-83.~~ As described in paragraph X, above, GSI sold 7 acres of land to the ANC Bio Limited Partnership, through the ANC Bio General Partner, in December

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2012 for \$6,000,000. Because Quiros is both a member of the ANC Bio General Partner and the owner of GSI, he was negotiating with himself on this land transaction and received a substantial profit from the sale. The fact that Quiros was on both sides of this real estate sale was not adequately disclosed to investors.

84. The ANC Bio Limited Partnership entered into an agreement with JCM that designates JCM as an agent of the General Partners, on behalf of the Limited Partnership, responsible for procuring certain equipment and services for the ANC Bio project. By virtue of this agreement, JCM has unfettered access to substantial amounts of investor money. Q Resorts, itself a company owned by Quiros, acquired JCM in February 2014. Prior to that acquisition, former JCM President Jong Weon (Alex) Choi appointed Quiros in August 2011 as JCM's power of attorney with full control over the company's finances. Quiros's role in and relationship with JCM, and resultant access to and control over investor funds, both before and after the acquisition, was not disclosed to investors.

85. As described in paragraph X. above, Defendants used \$21 million of ANC Bio investor funds to pay off the margin loan in March 2014. Defendants never informed the ANC Bio investors that the funds were used for this purpose and not to purchase equipment, despite having issued an amended PPM in 2015.

71-

72-86. The Q Burke offering contains instances of self-dealing that are fundamentally unfair to investors and not adequately disclosed. For instance, the PPM fails to adequately disclose that the Q Burke Limited Partnership will use investor funds to build commercial condominium units and then convey two of

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the units back to Q Burke Mountain Resort, LLC for no compensation. Additionally, the offering documents contain conflicting and misleading statements regarding the ownership and income distribution of the conference center.

~~73-87.~~ Q Burke Mountain Resort, LLC (a company owned by Quiros) sold a 3.797 acre parcel of land to the Q Burke Limited Partnership in 2014 for the Q Burke project. The fact that Quiros stood on both sides of the transaction, and would substantially profit therefrom, was not adequately disclosed to investors.

~~74-88.~~ The biotechnology products that Defendants plan to produce at the ANC Bio facility ("ANC Bio Products") are subject to US Food and Drug Administration ("US FDA") regulation and require US FDA approval to manufacture, distribute, and market. Defendants represented to investors through the ANC Bio offering documents that the ANC Bio Products were "[c]urrently in the process of US FDA approval." In fact, Defendants had not, and have never, applied for US FDA approval for the ANC Bio Products.

Unregistered sale of securities

~~75-89.~~ Defendants offered at least [X] in unregistered securities in the form of limited partnership interests to investors, and sold at least [X] in unregistered securities in the form of limited partnership interests to investors.

Commented [EGK14]: Fill in grand total

~~76-90.~~ The PPMs explain to investors that the limited partnership interests are not registered under federal or state securities laws but are offered and sold in reliance on exemptions from state and federal securities laws.

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~~77.91.~~ The limited partnership interests are not federal covered securities as defined by 9 V.S.A. § 5102(7), nor have they ever been.

~~78.92.~~ The limited partnership interests are not eligible for an exemption from registration pursuant to any Vermont statute, rule or order, nor have they ever been.

~~79.93.~~ The limited partnership interests are not registered with the Securities Division of the Department ("Securities Division"), nor have they ever been.

Employment/Association with Unregistered Agents

~~80.94.~~ Defendants have employed or associated with numerous individuals to serve as agents to represent them in effecting or attempting to effect the purchase or sale of securities in the form of limited partnership interests.

~~81.95.~~ The compensation paid by Defendants to these agents was made contingent upon the actual purchase of securities by investors and subsequent USCIS approval of the investor I-526 petitions.

~~82.96.~~ The agents are not registered with the Securities Division, nor have they ever been.

~~83.97.~~ The agents are not exempt from registration pursuant to 9 V.S.A. § 5402(b).

~~84.98.~~ Defendants knew or should have known that the agents were not registered with the Securities Division.

CLAIMS

First Claim

Violations of Section 5501 of the VUSA

Defendants Quiros, Stenger, and Jay Peak Hotel Suites L.P.

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~~85-99~~ Paragraphs 1 through ~~X~~ of this Complaint are re-alleged and incorporated by reference.

Commented [EGK15]: Correct paragraphs for all.

~~86-100~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~87-101~~ By misleading investors, including but not limited to engaging in the conduct described above, ~~including but not limited to the~~ related to the misuse of Phase I investor funds to purchase the Resort, commingling of funds, and use of funds in ways other than those specifically disclosed to investors, Defendants have violated 9 V.S.A. § 5501, which provides that it is unlawful for a person ~~is unlawful for a person~~, in connection with the offer to sell, the offer to purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Second Claim
Violations of Section 5501 of the VUSA
Defendants Quiros, Stenger, and Jay Peak Hotel Suites Phase II L.P.

~~88-102~~ Paragraphs 1 through ~~78-X~~ of this Complaint are re-alleged and incorporated by reference.

~~89-103~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

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~~90-104.~~ By misleading investors, including but not limited to engaging in the conduct described above, ~~including but not limited to the~~ related to the misuse of Phase II investor funds to purchase the Resort, commingling of funds, and use of funds in ways other than those specifically disclosed to investors, Defendants have violated 9 V.S.A. § 5501, which provides that it is unlawful for a person ~~is unlawful for a person~~, in connection with the offer to sell, the offer to purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Third Claim
Violations of Section 5501 of the VUSA
Defendants Quiros, Stenger, and Jay Peak Penthouse Suites L.P.

~~91-105.~~ Paragraphs 1 through ~~78~~ X of this Complaint are re-alleged and incorporated by reference.

~~92-106.~~ The limited partnership interests offered and sold by Defendants are "securities," as defined in 9 V.S.A. § 5102(28).

~~93-107.~~ By misleading investors, including but not limited to engaging in the conduct described above, ~~including but not limited related to the~~ commingling of funds and use of funds in ways other than those specifically disclosed to investors, Defendants have violated 9 V.S.A. § 5501, which provides that it is unlawful for a person ~~is unlawful for a person~~, in connection with the offer to sell, the offer to

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purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Fourth Claim
Violations of Section 5501 of the VUSA
Defendants Quiros, Stenger, and Jay Peak Golf and Mountain Suites L.P.

94.108. Paragraphs 1 through ~~78~~X of this Complaint are re-alleged and incorporated by reference.

95.109. The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

96.110. ~~By misleading investors, including but not limited to engaging in the conduct described above, including but not limited to related to the commingling of funds and use of funds in ways other than those specifically disclosed to investors,~~ Defendants have violated 9 V.S.A. § 5501, which provides that it is unlawful for a ~~person is unlawful for a person,~~ in connection with the offer to sell, the offer to purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

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Fifth Claim

Violations of Section 5501 of the VUSA

Defendants Quiros, Stenger, and Jay Peak Lodge and Townhouses L.P.

~~97~~.111. Paragraphs 1 through ~~78~~~~X~~ of this Complaint are re-alleged and incorporated by reference.

~~98~~.112. The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~99~~.113. By misleading investors, including but not limited to engaging in the conduct described above, ~~including but not limited to related to the~~ commingling of funds and use of funds in ways other than those specifically disclosed to investors, Defendants have violated 9 V.S.A. § 5501, which provides that it is unlawful for a ~~person is unlawful for a person,~~ in connection with the offer to sell, the offer to purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Sixth Claim

Violations of Section 5501 of the VUSA

Defendants Quiros, Stenger, and Jay Peak Suites Stateside L.P.

~~100~~.114. Paragraphs 1 through ~~78~~~~X~~ of this Complaint are re-alleged and incorporated by reference.

~~101~~.115. The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

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~~402.116.~~ By misleading investors, including but not limited to engaging in the conduct described above, ~~including but not limited to~~ related to the commingling of funds and use of funds in ways other than those specifically disclosed to investors, Defendants have violated 9 V.S.A. § 5501, which provides that it is unlawful for a ~~person is unlawful for a person,~~ in connection with the offer to sell, the offer to purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Seventh Claim

Violations of Section 5501 of the VUSA

Defendants Quiros, Stenger, Ary Quiros, and O Burke Mountain Resort, Hotel and Conference Center, L.P.

~~403.117.~~ Paragraphs 1 through 78 of this Complaint are re-alleged and incorporated by reference.

~~404.118.~~ The limited partnership interests offered and sold by Defendants are "securities," as defined in 9 V.S.A. § 5102(28).

~~405.119.~~ By misleading investors, including but not limited to engaging in the conduct described above, ~~including but not limited to~~ related to the making of material omissions and misstatements to investors, commingling of funds, diversion of funds for improper purposes and self-enrichment, and use of funds in ways other than those specifically disclosed to investors, Defendants have violated 9 V.S.A. §

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5501, which provides that it is unlawful for a person ~~is unlawful for a person~~, in connection with the offer to sell, the offer to purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Eighth Claim
Violations of Section 5501 of the VUSA
Defendants Quiros, Stenger, Kelly, and Jav Peak Biomedical Research Park, L.P.

~~106-120.~~ Paragraphs 1 through ~~78-X~~ of this Complaint are re-alleged and incorporated by reference.

~~107-121.~~ The limited partnership interests offered and sold by Defendants are "securities," as defined in 9 V.S.A. § 5102(28).

~~108-122.~~ By misleading investors, including but not limited to engaging in the conduct described above, including but not limited related to the making of material omissions and misstatements to investors, commingling of funds, diversion of funds for improper purposes and self-enrichment, and use of funds in ways other than those specifically disclosed to investors, Defendants have violated 9 V.S.A. § 5501, which provides that it is unlawful for a person ~~is unlawful for a person~~, in connection with the offer to sell, the offer to purchase, the sale, or the purchase of a security, directly or indirectly: (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were

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made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Ninth Claim

Violations of Section 5301 of the VUSA

Defendants Quiros, Stenger, Jav Peak Hotel Suites L.P.

~~109~~.123. Paragraphs 1 through ~~78~~X of this Complaint are re-alleged and incorporated by reference.

~~110~~.124. The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~111~~.125. By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has~~have violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Tenth Claim

Violations of Section 5301 of the VUSA

Defendants Quiros, Stenger, and Jav Peak Hotel Suites Phase II L.P.

~~112~~.126. Paragraphs 1 through ~~78~~X of this Complaint are re-alleged and incorporated by reference.

~~113~~.127. The limited partnership interests offered and sold by Defendant are “securities,” as defined in 9 V.S.A. § 5102(28).

~~114~~.128. By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has~~have violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless:

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(1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Eleventh Claim

Violations of Section 5301 of the VUSA

Defendants Quiros, Stenger, and Jay Peak Penthouse Suites L.P.

~~115.129~~ Paragraphs 1 through ~~78-X~~ of this Complaint are re-alleged and incorporated by reference.

~~116.130~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~117.131~~ By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has~~ have violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Twelfth Claim

Violations of Section 5301 of the VUSA

Defendants Quiros, Stenger, and Jay Peak Golf and Mountain Suites L.P.

~~118.132~~ Paragraphs 1 through ~~78-X~~ of this Complaint are re-alleged and incorporated by reference.

~~119.133~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~120.134~~ By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has~~ have violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless:

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(1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Thirteenth Claim
Violations of Section 5301 of the VUSA
Defendants Quiros, Stenger, and Jay Peak Lodge and Townhouses L.P.

~~121-135~~ Paragraphs 1 through ~~78~~**X** of this Complaint are re-alleged and incorporated by reference.

~~122-136~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~123-137~~ By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has have~~ violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Fourteenth Claim
Violations of Section 5301 of the VUSA
Defendants Quiros, Stenger, and Jay Peak Suites Stateside L.P.

~~124-138~~ Paragraphs 1 through 78 of this Complaint are re-alleged and incorporated by reference.

~~125-139~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~126-140~~ By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has have~~ violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless:

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(1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Fifteenth Claim

Violations of Section 5301 of the VUSA

Defendants Quiros, Stenger, and O Burke Mountain Resort, Hotel and Conference Center, L.P.

~~127-141.~~ Paragraphs 1 through 78 of this Complaint are re-alleged and incorporated by reference.

~~128-142.~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~129-143.~~ By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has~~ ~~have~~ violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Sixteenth Claim

Violations of Section 5301 of the VUSA

Defendants Quiros, Stenger, and Jay Peak Biomedical Research Park, L.P.

~~130-144.~~ Paragraphs 1 through 78 of this Complaint are re-alleged and incorporated by reference.

~~131-145.~~ The limited partnership interests offered and sold by Defendants are “securities,” as defined in 9 V.S.A. § 5102(28).

~~132-146.~~ By selling unregistered securities, including but not limited to engaging in the conduct described above, Defendants ~~has~~ ~~have~~ violated 9 V.S.A. § 5301, which provides that it is unlawful for a person to offer or sell a security in this state unless:

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(1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration; or (3) the security is registered.

Seventeenth Claim

Violation of Sections 5501 of the VUSA

Defendant Kelly

~~133.147.~~ Paragraphs 1 through ~~78~~X of this Complaint are re-alleged and incorporated by reference.

~~134.148.~~ Pursuant to 9 V.S.A. § 5603(a), the Commissioner may maintain an action in this Court when she believes that a person has, is, or is about to engage in an act, practice, or course of business that materially aids a violation of the VUSA to enjoin the act, practice, or course of business and to enforce compliance with the VUSA.

~~135.149.~~ By engaging in the conduct described above, including but not limited to [insert paragraphs], Kelly has materially aided, and continues to materially aid, in the fraudulent offering and sale of securities in this state in violation of 9 V.S.A. § 5501.

Commented [EGK16]: Paragraphs, or description?

Eighteenth Claim

Violation of Section 5402 of the VUSA

Name Defendants Fill in Offering Defendants

~~136.150.~~ Paragraphs 1 through ~~78~~X of this Complaint are re-alleged and incorporated by reference.

~~137.151.~~ By engaging in the conduct described above, [**OFFERING DEFENDANTS**] have violated 9 V.S.A. § 5402(d), which provides that it is unlawful for an issuer engaged in offering, selling, or purchasing securities in this State to employ or associate with an agent who transacts business in this State on behalf of issuers unless the agent is registered with the Securities Division or exempt from registration.

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RELIEF REQUESTED

The Commissioner respectfully requests that this Court:

- 1) Issue findings of fact and conclusions of law that Defendants committed the violated charged and alleged herein;
- 2) Enter an order temporarily, preliminarily, and permanently restraining and enjoining Defendants, and, as appropriate, their agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from future violations of Sections 5501 and 5301 of the VUSA and from soliciting or accepting funds from any person or entity for any investment in any unregistered offering of securities;
- 3) Enter an order freezing the assets of Defendants;
- 4) Enter an order requiring Defendants to prepare a sworn accounting of all the money they have obtained from investors, including (1) a report on the disposition and current location of investor funds, and (2) disclosure of all bank and brokerage account numbers where money was deposited;
- 5) Enter an order prohibiting the movement, alteration, and destruction of books and records;
- 6) Enter an order appointing the Commissioner as a receiver or conservator;
- 7) Enter an order directing Defendants to disgorge an amount equal to the funds and benefits they obtained illegally as a result of violations alleged, plus prejudgment interest on that amount;
- 8) Award investigative and litigation costs and fees to the State of Vermont;

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- 9) Enter an order as to each Defendant ordering Defendants to pay civil penalties of \$15,000 for each violation, to the aggregate maximum allowed by law, pursuant to 9 V.S.A § 5603(b)(2)(C); and
- 10) Such further relief in law or equity that this Court may deem just and proper.

Dated at Montpelier, Vermont on this X day of July Month, 2015.

**Susan Donegan, in her official capacity as the
Commissioner of the Vermont Department of
Financial Regulation.**

By: _____

David Cassetty
General Counsel and Special Assistant Attorney
General
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101
(802) 828-3301

Emily Kisicki
Assistant General Counsel and Special Assistant
Attorney General
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101
(802) 828-3301

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DRAFT

From: London, Sarah [Sarah.London@vermont.gov]
Sent: Tuesday, October 27, 2015 5:00 PM
To: Miller, Lawrence
Subject: RE: Current Employee Emails

Yes great, if you have another copy on thumb drive I will take. Thanks.

From: Miller, Lawrence
Sent: Tuesday, October 27, 2015 2:13 PM
To: London, Sarah
Subject: RE: Current Employee Emails

Do you want a copy to put somewhere?

Please Note: From November 5 to 13 access to and from I-89 Southbound at Montpelier will be closed. For detour and other information see <http://vtrans.vermont.gov/projects/exit8>

--
Lawrence Miller
Senior Advisor, Chief of Health Care Reform
Office of the Governor, State of Vermont
Mobile: (802) 989-0569
lawrence.miller@vermont.gov

From: London, Sarah
Sent: Tuesday, October 27, 2015 2:07 PM
To: Miller, Lawrence
Subject: RE: Current Employee Emails

Thank you again

From: Miller, Lawrence
Sent: Tuesday, October 27, 2015 1:57 PM
To: Salembier, Shannon; London, Sarah
Subject: RE: Current Employee Emails

Easy enough for me to drop at AGO reception.

Names of the folders are the search term for that folder.

I started the slow way, and did not make folders for ones that did not turn up so will pass you my note page. After I switched to setting search folders to run overnight there are folders and in those that had no responsive emails you will just see Sarah's email to me with that term in it.

FYI ANC as a search term returned thousands and thousands of non-relevant documents. I excluded that, but did search both ANC Bio and ANCBio. Obviously not deleting anything related.

Please Note: From November 5 to 13 access to and from I-89 Southbound at Montpelier will be closed. For detour and other information see <http://vtrans.vermont.gov/projects/exit8>

--
Lawrence Miller
Senior Advisor, Chief of Health Care Reform
Office of the Governor, State of Vermont
Mobile: (802) 989-0569
lawrence.miller@vermont.gov

From: Salembier, Shannon
Sent: Tuesday, October 27, 2015 1:51 PM
To: Miller, Lawrence; London, Sarah
Subject: RE: Current Employee Emails

No problem. I know this is a pain!

If you leave the thumb drive with the front desk, I can come up and grab it. (Or you can drop it off at AGO reception – whatever is easiest.)

From: Miller, Lawrence
Sent: Tuesday, October 27, 2015 1:48 PM
To: London, Sarah <Sarah.London@vermont.gov>; Salembier, Shannon <Shannon.Salembier@vermont.gov>; Kline, Scot <scot.kline@vermont.gov>
Subject: RE: Current Employee Emails

Sorry this got away from me. I have everything on a thumb drive. I have not stripped out non-relevant material, just did the searches and categorized them by search term.

I could go through and delete non-relevant, but with the risk that I inadvertently delete something responsive.

Please Note: From November 5 to 13 access to and from I-89 Southbound at Montpelier will be closed. For detour and other information see <http://vtrans.vermont.gov/projects/exit8>

--
Lawrence Miller
Senior Advisor, Chief of Health Care Reform
Office of the Governor, State of Vermont
Mobile: (802) 989-0569
lawrence.miller@vermont.gov

From: London, Sarah
Sent: Friday, October 09, 2015 4:39 PM
To: Miller, Lawrence
Subject: Fwd: Current Employee Emails

The AGO-recommended search terms are below.

Sent from my iPad

Begin forwarded message:

From: "Kline, Scot" <scot.kline@vermont.gov>
Date: October 9, 2015 at 4:12:09 PM EDT
To: "London, Sarah" <Sarah.London@vermont.gov>
Cc: "Salembier, Shannon" <Shannon.Salembier@vermont.gov>
Subject: FW: Current Employee Emails

Sarah:

Per your message that your office will facilitate the search of Lawrence Miller's electronic files, I am forwarding the email from Shannon with the requested search terms for his email and text messages. Please call Shannon or me if you have any questions.

Thanks.

Scot

From: Salembier, Shannon
Sent: Friday, October 09, 2015 3:47 PM
To: Moulton, Pat; Goldstein, Joan; Fullam, Eugene; Kessler, John
Cc: Kline, Scot
Subject: Current Employee Emails

PRIVILEGED & CONFIDENTIAL

Hi Everyone,

Thank you so much for getting me ACCD's physical and electronic records so quickly. The next step in this process is emails. I know the volume of email is quite large, so we are trying to make this process as painless as possible.

We need all emails from January 1, 2006 to the present for every current employee at ACCD who may have emails relating to any of the search terms below. I am aware of the following employees, but please let me know if you think I've missed someone:

Pat Moulton
Joan Goldstein
Eugene Fullam
John Kessler

From: Donegan, Susan [Susan.Donegan@vermont.gov]
Sent: Thursday, April 07, 2016 4:38 PM
To: London, Sarah
Subject: FW: Revised Complaint
Attachments: Draft Complaint 4.7.16.docx; Draft Complaint 4.7.16 CLEAN.docx

Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation
89 Main Street
Montpelier, Vermont 05620
USA
(+1) 802-828-3301
susan.donegan@vermont.gov

NOTE: new email address is susan.donegan@vermont.gov

From: Kisicki, Emily G.
Sent: Thursday, April 7, 2016 4:28 PM
To: Donegan, Susan <Susan.Donegan@vermont.gov>; Cassetty, Dave <Dave.Cassetty@vermont.gov>; Kline, Scot <scot.kline@vermont.gov>; Salembier, Shannon <Shannon.Salembier@vermont.gov>
Subject: Revised Complaint

A revised version of the complaint is attached. Two documents are included: an annotated copy that reflects changes to the last version, and a clean copy for ease of reading. This does not reflect any comments or edits from the AGO to the last version of the complaint (I have not received any).

Please excuse any typographical or formatting errors – I am sending this now in the interest of time. The GPs have been added as parties, but have not been incorporated into the counts section yet.

Thanks,

Emily Kisicki
Assistant General Counsel
Vermont Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101
(802) 828-2904

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STATE OF VERMONT

SUPERIOR COURT
WASHINGTON UNIT

CIVIL DIVISION
DOCKET NO.

SUSAN DONEGAN,)
IN HER)
OFFICIAL CAPACITY AS)
COMMISSIONER OF THE)
VERMONT DEPARTMENT OF)
FINANCIAL REGULATION,)

and)

STATE OF VERMONT, _____)
THROUGH)
ATTORNEY GENERAL)
WILLIAM H. SORRELL)

Plaintiffs,)

v.)

Ariel Quiros; William Stenger;)
~~William Kelly; Q Resorts, Inc.; Jay Peak,~~)
~~Inc.; Jay Peak Hotel Suites L.P.; Jay Peak~~)
~~Hotel Suites Phase II L.P.; Jay Peak~~)
~~Management, Inc.; Jay Peak Penthouse~~)
~~Suites L.P.; Jay Peak GP Services, Inc.;~~)
~~Jay Peak Golf and Mountain Suites L.P.;~~)
~~Jay Peak GP Services Golf, Inc.; Jay Peak~~)
~~Lodge and Townhouses L.P.; Jay Peak GP~~)
~~Services Lodge, Inc.; Jay Peak Suites~~)
~~Stateside L.P.; Jay Peak GP Services~~)
~~Stateside, Inc.; Jay Peak Biomedical~~)
~~Research Park, L.P.; and AnC Bio~~)
~~Vermont GP Services, LLC-~~)
~~Q-Burke Mountain Resort, Hotel~~)
~~and Conference Center, L.P.~~)

Defendants.

CONFIDENTIAL
ATTORNEY WORK PRODUCT

COMPLAINT

Susan Donegan, in her official capacity as Commissioner of the Vermont Department of Financial Regulation (the “Commissioner”) and the State of Vermont, through Attorney General William H. Sorrell, (the “Attorney General”) (together, “Plaintiffs”), make the following complaint against Ariel Quiros; William Stenger; ~~William Kelly~~; Q Resorts, Inc.; Jay Peak, Inc.; Jay Peak Hotel Suites L.P.; Jay Peak Hotel Suites Phase II L.P.; ~~Jay Peak Management, Inc.~~; Jay Peak Penthouse Suites L.P.; ~~Jay Peak GP Services, Inc.~~; Jay Peak Golf and Mountain Suites L.P.; ~~Jay Peak GP Services Golf, Inc.~~; Jay Peak Lodge and Townhouses L.P.; ~~Jay Peak GP Services Lodge, Inc.~~; Jay Peak Suites Stateside L.P.; ~~Jay Peak GP Services Stateside, Inc.~~; Jay Peak Biomedical Research Park, L.P.; ~~and AnC Bio Vermont GP Services, LLC.~~; and ~~Q-Burke Mountain Resort, Hotel and Conference Center, L.P.~~ (collectively, “Defendants”) for multiple violations of the Vermont Uniform Securities Act (“VUSA”), Chapter 150 of Title 9, and Consumer Protection Act (“CPA”), Chapter 63 of Title 9, Vermont Statutes Annotated:

SUMMARY

1. Since 2008, Defendants Ariel Quiros (“Quiros”) and William Stenger (“Stenger”) (together, the “Individual Defendants”^[EGK1]) have orchestrated a large-scale investment scheme to defraud investors participating in the “EB-5 Program,” a federal visa initiative designed to give foreign investors a legal path to obtain United States residency. The Individual Defendants used multiple limited partnerships, limited liability companies, and corporate entities to assist in carrying out the fraudulent scheme. To date, as part of the fraudulent scheme, Defendants have solicited and raised at least \$402,350,500.000 million in investment funds and collected at least \$40,250,000 in additional fees. Of that amount, Defendants have

From: Jon T. Alexander, Assistant Attorney General
Re: Second Request for preservation of documents –
Jay Peak EB-5 Litigation
Date: May 3, 2016

CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED
ATTORNEY WORK PRODUCT

My October 9, 2015 memorandum advised the Department of Financial Regulation (“DFR”), Agency of Commerce and Community Development (“ACCD”), the Office of Governor and the Office of the Vermont Attorney General (“AGO”) to preserve all documents related to possible civil litigation concerning Jay Peak and Burke Mountain Projects in the “EB-5 Program,” a federal visa initiative designed to give foreign investors a legal path to obtain United States residency.

This memorandum is to advise that (1) the State has recently commenced this previously contemplated lawsuit styled as *State v. Quiros, et al.*, Docket Number 217-4-16 Wncv in the Washington Superior Court, as reflected in the attached Complaint; and that (2) the Department of Taxes (“DOT”), the Vermont Economic Development Authority (“VEDA”), the Agency of Transportation (“AOT”), the Department of Public Safety (“DPS”), the Department of Labor (“DOL”), the Department of Health (“DOH”), the Agency of Natural Resources (“ANR”), the Agency of Agriculture, Food and Markets (“AAFM”), the District 7 Environmental Commission, and the Natural Resources Board (“NRB”) should also preserve all documents related to the State’s lawsuit concerning Jay Peak and Burke Mountain Projects in the “EB-5 Program.”

This type of notice is typically referred to as a “litigation hold” notice. In certain circumstances, the courts require that steps be taken to preserve documents, both paper and electronic, related to the subject matter of the litigation. These requirements are serious and sobering. Harsh sanctions can be imposed by the courts if documents are not retained.

The above-listed State entities should continue the “litigation hold” until the State’s lawsuit and all appeals come to a close. It should be discontinued only after consultation with me and Susanne Young, Deputy Attorney General.

Scope of request

This request for preservation of documents relates to recently-commenced litigation relating to any Jay Peak and Burke Mountain projects in the EB-5 program. The request to preserve documents applies to all documents held by the above-listed State entities, including written documents and all electronically stored documents and information. The obligation to preserve electronically stored information applies to all aspects of the above-listed State entities' technology, and includes information held in their buildings, in storage facilities run by the Department of Public Records, and in any other off-site storage facility.

The documents retained should include all paper or electronic documents, as well as draft or final versions of internal and external correspondence (including e-mails and text messages), memoranda, notes and other documents referencing or relating to:

- Jay Peak or Burke Mountain EB-5 Projects;
- any of the following entities involved in the Jay Peak or Burke Mountain EB-5 Projects:

Jay Peak Hotel Suites L.P.
Jay Peak Hotel Suites Phase II L.P.
Jay Peak Penthouse Suites L.P.
Jay Peak Golf and Mountain Suites L.P.
Jay Peak Lodge and Townhouses L.P.
Jay Peak Suites Stateside L.P.
Q Burke Mountain Resort, Hotel and Conference Center, L.P.
Jay Peak Biomedical Research Park, L.P.;

- the Private Placement Memorandum (PPMs) for any of the Jay Peak or Burke Mountain EB-5 Projects;
- any of the following:¹

Ariel Quiros
William Stenger
William Kelly
Ary Quiros
Joel Burstein
AnC Bio VT LLC

¹ N.B. The entities listed on the following page in **bolded** type were not listed in my original October 9, 2015 Litigation Hold memorandum.

AnC Bio Vermont GP Services, LLC
Q Burke Mountain Resort GP Services, LLC
Q Resorts, Inc.
G.S.I. of Dade County, Inc.
Jay Construction Management, Inc.
North East Contract Services, LLC
Jay Peak, Inc.
Jay Peak Management, Inc.
Jay Peak GP Services, Inc.
Jay Peak GP Services Golf, Inc.
Jay Peak GP Services Lodge, Inc.
Jay Peak GP Services Stateside
Q-Burke Mountain Resort LLC

In addition, any documents created from now on related to any of the above-described related categories must also be preserved. All information should be stored in original, unaltered form. E-mails may be the most difficult category of information to preserve, so your personnel should work to identify relevant e-mails and prevent them from being lost or destroyed. They should be saved in an easily accessible electronic file; if that is not feasible then they should be printed and stored prior to deletion. It is important to preserve e-mails and correspondence in your files related to this matter, even if they may eventually be protected from disclosure by a claim of privilege. Please confer with your Information Technology personnel on the best way to preserve electronic documents in each person's individual possession or control relating to any of the above-described related categories.

Communication of Litigation Hold Request to Personnel

This request from State legal counsel must be communicated by you to all personnel of the above-listed State entities who have control of document or data systems and to all personnel who may have authored or received any documents related to the above-described related categories. Documents of former employees should be similarly retained.

If, during the pendency of this litigation hold, other personnel who have e-mails or other electronic documents or information that pertain to the issues noted above leave their employment with the above-listed State entities, certain steps overseen by your respective Information Technology personnel should be taken to preserve those electronic documents and information. Any relevant documents or information contained on the computer hard drives of these employees or on your shared drives or network servers should be retained, and their e-mails should be preserved. To the extent possible, such employees should be encouraged to identify relevant documents or information before they cease their employment.

In addition, any above-listed State entity's automatic or regular document destruction policies should be discontinued for the duration of this litigation hold.

If you have any questions about your obligations regarding preservation of documents, please contact me.

From: Pieciak, Michael [Michael.Pieciak@vermont.gov]
Sent: Wednesday, June 15, 2016 5:15 PM
To: London, Sarah
Subject: FW: State v. Quiros et. al. Amended Complaint
Attachments: Amended Complaint (State v. Quiros) FILED.pdf; Certificate of Service for Amended Complaint (State v. Quiros)FILED.pdf

Hi Sarah –

Attached please find the amended Jay Peak complaint filed by the AG this afternoon. Please let me know if you have any questions. Many thanks.

All the best,
Mike

From: Kline, Scot
Sent: Wednesday, June 15, 2016 4:37 PM
To: Pieciak, Michael <Michael.Pieciak@vermont.gov>
Subject: FW: State v. Quiros et. al. Amended Complaint

From: Salembier, Shannon
Sent: Wednesday, June 15, 2016 3:11 PM
To: michael.goldberg@akerman.com
Cc: Kline, Scot <scot.kline@vermont.gov>; Alexander, Jon <jon.alexander@vermont.gov>
Subject: State v. Quiros et. al. Amended Complaint

Mike,

Attached please find a copy of the Amended Complaint we filed today in the Washington Superior Court, along with the Certificate of Service, in the case of State v. Quiros et. al. Copies of these documents have also been sent via U.S. mail.

Thank you,
Shannon

Shannon Salembier
Assistant Attorney General
Office of the Vermont Attorney General
109 State Street
Montpelier, VT 05609
Shannon.Salembier@Vermont.gov
(802) 828-5621

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From: London, Sarah [Sarah.London@vermont.gov]
Sent: Thursday, July 28, 2016 4:11 PM
To: GPS; EXE - SrStaff
Subject: FW: EB-5 Investor case against filed DFR
Attachments: 2016-07-20 Complaint.pdf

Importance: High

FYI, attached is a complaint from two Chinese investors in Q Burke (siblings) against Ariel Quiros, Stenger, Charles Leamy (a lawyer), Raymond James Inc, Joel Burstein, DFR, Peak CM, White and Burke, Q Burke Resorts, and "John Does." No state entity other than DFR is named. Lawyer is Pietro Lynn, and two lawyers from California. Investors claim:

- They were not provided with the updated Q Burke PPM that disclosed the SEC investigation
- The State through DFR wrongfully released their money from escrow to allow the hotel to be built (highlighting a warning from Brent Raymond to Susan Donegan)
- Quiros, Stenger, Leamy, and Q Burke violated VT Securities law, committed various forms of fraud, violated the Consumer Protection Act, and breached fiduciaries duties through misrepresentations and concealments
- Raymond James, Burstein, and White and Burke aided and abetted the fraud
- DFR is the defendant in one count of negligence
- Peak CM wrongfully pocketed \$1M
- Defendants other than DFR committed "civil conspiracy"

They ask for return of approximately \$1M, and triple damages under the Consumer Fraud Act, and attorneys fees

From: Shafritz, Megan J.
Sent: Thursday, July 28, 2016 3:10 PM
To: London, Sarah <Sarah.London@vermont.gov>
Subject: FW: EB-5 Investor case against filed DFR
Importance: High

ATTORNEY/CLIENT PRIVILEGED

Hi Sarah,

Bill ask me to give you a heads up regarding this case, which was just served yesterday. We haven't yet assigned the litigation team that will handle the matter, so if you have any questions, please feel free to contact me.

Regards, Megan

Megan J. Shafritz, Esq.
Assistant Attorney General, Civil Division Chief
Office of the Attorney General

109 State Street, 3rd Floor
Montpelier, Vermont 05609-1001
Phone: 802-828-5527
Fax: 802-828-1500

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From: Shafritz, Megan J.
Sent: Thursday, July 28, 2016 2:43 PM
To: Sorrell, Bill <bill.sorrell@vermont.gov>; Griffin, Bill <bill.griffin@vermont.gov>; Young, Susanne <susanne.young@vermont.gov>; Kline, Scot <scot.kline@vermont.gov>
Cc: Alexander, Jon <jon.alexander@vermont.gov>; Salembier, Shannon <Shannon.Salembier@vermont.gov>
Subject: EB-5 Investor case against filed DFR
Importance: High

Hi Folks,

Late yesterday afternoon (at 4:15 p.m.), the State was served by sheriff with the attached EB-5 investor lawsuit, which was filed against many defendants, including all those you would expect. Despite a 45-page complaint, there appears to be only one (seemingly weak) claim against DFR for negligence. See Count X at page 39. The Complaint alleges that DFR owed a duty of care to potential investors in Q Burke and breached that duty by permitting Q Burke to solicit new investors in July 2015. Our response is due on August 16, 2016.

Bill, FYI, in case there are press inquiries. To my knowledge, we have not received any yet.

MJS

From: Lord, Peggy
Sent: Thursday, July 28, 2016 2:28 PM
To: Shafritz, Megan J. <megan.shafritz@vermont.gov>
Subject: Service by Sheriff 7/27/16 - Wei and Wei v. Quiros, et al., 602-7-16 Cncv

Hi Megan,

Please see the attached was served via sheriff yesterday (7/27/16). The answer is due 8/16/16. This has been added to Law Manager (2016-05899) and the documents have been added to M-Files.

Thanks,
P

Peggy Lord

Docket Clerk / Paralegal Technician II
Office of the Attorney General | Civil Division
109 State Street, 3rd Floor
Montpelier, VT 05609-1001
Tel. 802-828-3176
Fax. 802-828-1500
Email: peggy.lord@vermont.gov

Please note my new email address is: peggy.lord@vermont.gov

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From: Pieciak, Michael [Michael.Pieciak@vermont.gov]
Sent: Thursday, September 01, 2016 6:53 PM
To: London, Sarah
Subject: FW: SEC v. Quiros, Filings
Attachments: DE 206 Motion for Permanent Injunction against William Stenger.pdf

Sarah – FYI, attached is the SEC settlement with Stenger. Please let me know if you have any questions.

From: Kline, Scot
Sent: Thursday, September 1, 2016 4:49 PM
To: Young, Susanne <susanne.young@vermont.gov>; Griffin, Bill <bill.griffin@vermont.gov>; Pieciak, Michael <Michael.Pieciak@vermont.gov>
Subject: FW: SEC v. Quiros, Filings

Just received.

From: Graves, My-Lanh
Sent: Thursday, September 01, 2016 4:47 PM
To: Kline, Scot <scot.kline@vermont.gov>; Salembier, Shannon <Shannon.Salembier@vermont.gov>
Subject: FW: SEC v. Quiros, Filings

From: Almonte, Ilonka M. [mailto:AlmonteI@SEC.GOV]
Sent: Thursday, September 01, 2016 4:42 PM
To: Graves, My-Lanh <MyLanh.Graves@vermont.gov>
Subject: SEC v. Quiros, Filings

Hello My-Lanh, please find attached another filing in the Quiros matter. I will be out of the office tomorrow. Have a great Labor Day weekend!

Thanks,

ILONKA ALMONTE

Paralegal Specialist

Securities and Exchange Commission

801 Brickell Avenue, Suite 1800

Miami, FL 33131

Telephone: 305-982-6351

Facsimile: 305-536-4154

Email: almonteI@sec.gov

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 16-CV-21301-GAYLES

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**ARIEL QUIROS,
WILLIAM STENGER,
JAY PEAK, INC., et al.,**

Defendants, and

**JAY CONSTRUCTION MANAGEMENT, INC.,
GSI OF DADE COUNTY, INC.,
NORTH EAST CONTRACT SERVICES, INC.,
Q BURKE MOUNTAIN RESORT, LLC,**

Relief Defendants.

**PLAINTIFF SECURITIES AND EXCHANGE COMMISSION UNOPPOSED
MOTION FOR ENTRY OF JUDGMENT OF PERMANENT INJUNCTION
AND OTHER RELIEF AGAINST DEFENDANT WILLIAM STENGER**

Plaintiff Securities and Exchange Commission hereby moves for entry of Judgment of Permanent Injunction and Other Relief against Defendant William Stenger (“Judgment”). By the attached Consent, Stenger has consented to the entry of the attached Judgment. Accordingly, the Commission requests that the Court enter the attached Judgment, which is solely against Stenger.

Respectfully submitted,

September 1, 2016

By: s/ Christopher E. Martin
Christopher E. Martin, Esq.
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Email: martinc@sec.gov

By: s/Robert K. Levenson

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