

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75268 / June 23, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16647

In the Matter of

IREECO, LLC and
IREECO LIMITED

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER, AND ORDERING
CONTINUATION OF THE PROCEEDINGS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Ireeco, LLC and Ireeco Limited (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Exchange Act, Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order, and Ordering Continuation of the Proceedings (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds that:

A. RESPONDENTS AND RELATED PARTIES

1. Respondent Ireeco, LLC is a Florida Limited Liability company formed in May 2006 by Stephen Parnell (“Parnell”) and Andrew Bartlett (“Bartlett”). Ireeco, LLC was based in Boca Raton, Florida during the relevant time period, but changed its principal address to Greenville, South Carolina in March 2014. Ireeco, LLC has never been registered with the Commission in any capacity. From at least January 2010 through May 2012, Ireeco, LLC acted as an unregistered broker-dealer in connection with the sales of securities involving the EB-5 Visa Program.

2. Respondent Ireeco Limited is a Hong Kong entity formed by Parnell and Bartlett in May 2012 purportedly for tax purposes. Ireeco Limited is the 100% owner of Ireeco, LLC. Ireeco Limited has never been registered with the Commission in any capacity. From at least May 2012 through the present, Ireeco Limited has been acting as an unregistered broker-dealer in connection with the sales of securities involving the EB-5 Visa Program.

3. Parnell, age 57, is a resident of Boca Raton, Florida. He is the co-managing member of Ireeco, LLC, and also a principal and equal co-owner of Ireeco Limited. Parnell previously was registered with the State of Florida as an investment adviser representative with Investment Visa Advisors LLC.

4. Bartlett, age 61, is a resident of Osprey, Florida. He is the co-managing member of Ireeco, LLC, and also a principal and equal co-owner of Ireeco Limited.

B. FACTUAL BACKGROUND

(a) The EB-5 Visa Program

5. Congress created the EB-5 Visa Program back in 1990 to provide would-be immigrants with the opportunity to become lawful permanent residents by investing in the U.S. economy. To qualify for an EB-5 visa, the foreign applicant first must invest \$1 million (\$500,000 if in a targeted employment area)¹ in a USCIS-approved U.S. commercial enterprise. USCIS defines a “commercial enterprise” as any for-profit activity formed for the ongoing conduct of lawful business. Once the investment requirement has been met, the foreign applicant then can apply for a conditional green card (I-526 Petition), which is good for two years from approval. If the investment creates or preserves at least 10 full-time jobs during that time, the foreign applicant then may apply to have the conditions removed (I-829 Petition) from his or her green card and live and work in the U.S. permanently.

6. In 1992, a program was enacted that set aside a certain number of EB-5 visas for investments that were affiliated with an economic unit known as a “regional center.”² A regional

¹ A targeted employment area is an area that, at the time of investment, is a rural area or an area experiencing unemployment of at least 150 percent of the national average rate.

² The EB-5 visa requirements for an investor under the pilot program are essentially the same as in the standard EB-5 investor program, except the pilot program provides for investments in USCIS-approved “regional centers.”

center is defined as any economic entity, public or private, which is involved with the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment. EB-5 regional centers are designated by the USCIS to administer EB-5 investment projects based on proposals for promoting economic growth.

7. An applicant investor is only required to invest \$500,000 if done through a regional center. Many regional centers also require each applicant investor to pay an administrative fee. The administrative fee varies from project to project and typically is used to offset legal fees, travel, and other expenses incurred by the regional center. By investing through a regional center, the foreign investor is relieved of the day-to-day operations of the business and is not responsible for the direct management of the center's investment. As a result, the vast majority of issued EB-5 visas have been for applicants who invest through regional centers. Under the regulations, the EB-5 Visa Program is capped at 10,000 visas annually.

(b) Respondents' EB-5 Business

8. Parnell and Bartlett formed Ireeco, LLC in 2006. Between at least January 2010 and May 2012, Ireeco, LLC solicited foreign investors who wished to invest in the EB-5 Visa Program through regional centers. Ireeco, LLC employed a small staff of four to five people located in the United States, including Parnell and Bartlett, and operated primarily through its website, www.whicheb5.com. According to its website, Ireeco, LLC worked with foreign individuals to determine if the EB-5 Visa Program would work for them. Ireeco, LLC stated that it provided foreign investors with the information and education they would need in choosing the right regional center to invest with. The website included information about Parnell and Bartlett's background and experience.

9. Ireeco, LLC claimed to have provided independent EB-5 "education and information" to over 3,300 immigrants from 34 countries. It also claimed to have a 100% success rate in that all of its customers were successful in obtaining their I-526 petitions and that those who reached the I-829 petition stage were successful in obtaining their unconditional green card. On its website, Ireeco, LLC cautioned potential investors that "[e]very regional center is in competition to sell you on why their business plan is better than anyone else's; they want your money and thus they carefully paint a picture of all the positive aspects of their regional center often without making you aware of any potential negatives."

10. In May 2012, Parnell and Bartlett formed Ireeco Limited, a Hong Kong entity, and it became a managing member of Ireeco, LLC. Ireeco Limited has since replaced Ireeco, LLC as the company that solicits foreign investors for EB-5 investments and is now the contracting party with the regional centers. Although Ireeco Limited is currently listed as the owner of the website, www.whicheb5.com, a "U.S. Admin Office" address for the company out of Greenville, South Carolina appears prominently on the site. Ireeco Limited relied on the same small staff of four to five people located in the United States, including Parnell and Bartlett, that operated Ireeco, LLC.

(c) Unregistered Broker Activity

11. Through their website, Respondents offered to assist foreign investors in choosing the right EB-5 projects. As a first step, the potential investor would make a request for information

on through the website and then would be contacted by Parnell or another of Respondents' representatives. The objective of that first contact with the potential investor was to ascertain the applicant's interest in the program and level of knowledge. In at least 10 instances, potential investors already were residing in the U.S. on some other type of temporary visa when they were solicited by Ireco, LLC or later by Ireco Limited.

12. After the initial call with the potential investor, representatives from Respondents would try to arrange for a more substantive follow-up call with the investor to discuss the next step in the EB-5 investment process. At that point, Respondents proceeded to send EB-5 industry publications and other information about the program to the potential investor via email. Respondents also provided the investor with marketing information touting Parnell's and Bartlett's experience and expertise in EB-5 investments. If Respondents were unable to set up a follow-up call with the investor and months had passed since that initial contact, Respondents would email the prospect to see if he or she remained interested in the EB-5 Visa Program. Respondents would send these emails automatically to potential customers three months after the first inquiry, and then again after 18 months.

13. If Parnell or another of Respondents' representatives were able to arrange follow-up calls with potential investors, they would then talk to the prospects about their background, visa status, understanding of how U.S. businesses operate, area of business in their home country, and interest in a particular geographical area or a specific type of EB-5 project. Based on the information obtained from the potential customer, Respondents determined first if he or she qualified for the EB-5 project, and second, what his or her investment preferences were.

14. Once Respondents had a better understanding of the potential investor's EB-5 preferences and suitability, Respondents gave the investor one or more EB-5 regional center projects as possible choices, as well as background information about those centers. Respondents performed "due diligence" on each of the regional centers it selected for their customers.

15. After investors identified which of the regional centers they were most interested in, Respondents "registered" the customers with the regional center by providing their names, contact information and visa status. The investors then dealt directly with the regional center, with Respondents being consulted by investors on occasion. The regional centers provided their offering documents directly to investors. Investors also would contact Respondents from time to time if they had questions about the investments or offering materials.

16. Respondents did not collect fees directly from the investors. Instead, under the "referral partner agreements" first between Ireco, LLC and the regional centers it selected for its customers and later between Ireco Limited and the regional centers, the centers compensated Respondents for each registered investor who invested funds in an EB-5 offering. Respondents earned the fee once the investor's I-526 petition (conditional green card) was approved by USCIS. The fee was a commission based on a fixed portion of the "administrative fee" the investor paid to the regional center and averaged around \$35,000 per investor.

17. From January 2010 through the present, Respondents were paid fees for actively soliciting over 158 foreign investors for selected regional centers. Together, these investors

invested a combined total of \$79 million in the regional centers. Respondents referred most of the investors to the same handful of regional centers.

C. VIOLATIONS

18. As a result of the conduct described above, Respondents willfully violated Section 15(a)(1) of the Exchange Act by using the mails or any means or instrumentality of interstate commerce to engage in the business of effecting transactions in, or inducing or attempting to induce the purchase or sale of, securities for the accounts of others without registering as a broker-dealer with the Commission or without associating with a broker-dealer registered with the Commission.

IV.

Pursuant to this Order, Respondents agree to additional proceedings in this proceeding to determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalties pursuant to Sections 21B and 21C of the Exchange Act, and, if so, the amount(s) of the disgorgement and/or civil penalties. If disgorgement is ordered, Respondents shall pay prejudgment interest thereon, calculated from January 1, 2010, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with such additional proceedings, Respondents agree: (a) they will be precluded from arguing they did not violate the federal securities laws described in this Order; (b) they may not challenge the validity of their Offer or this Order; (c) solely for the purposes of such additional proceedings, the findings made in this Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

V.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offer, and to continue proceedings to determine whether it is appropriate to order disgorgement of ill-gotten gains and/or civil penalties pursuant to Sections 21B and 21C of the Exchange Act, and, if so, the amount(s) of the disgorgement and/or civil penalties, in accordance with Section IV above.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing any violations and any future violations of Section 15(a) of Exchange Act.

B. Respondents are censured.

C. The hearing officer shall conduct additional proceedings to determine whether it is appropriate to order disgorgement of ill-gotten gains and/or civil penalties pursuant to Sections

21B and 21C of the Exchange Act, and, if so, the amount(s) of the disgorgement and/or civil penalties, in accordance with Section IV above.

By the Commission.

Brent J. Fields
Secretary